

MONTHLY

BULLETIN

THE NEW YORK
PUBLIC LIBRARY

NATIONAL ASSOCIATION OF CREDIT MEN.

ISSUED FROM THE DEN FOUNDATION.

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NATIONAL ASSOCIATION NOTES.

Convention Notes.

The Eighth Convention of the National Association of Credit Men will be held at St. Louis, June 9th-11th, 1903. The sessions of the Convention will be held at the Planters' Hotel, and the complete program is given in this issue of the BULLETIN.

HOTEL ACCOMMODATIONS.

The St. Louis Credit Men's Association requests that we announce that there will be positively no difficulty in respect to securing hotel accommodations, but that it would be advisable for those who will attend to immediately advise Mr. A. H. Foote, Secretary, P. O. Box 575, St.

Louis, Mo., who will take pleasure in booking reservations immediately upon application to him. When writing to Mr. Foote kindly give the following information:

The exact date and hour of arrival.

The number of people in each party, how many women and how many men.

The names of individuals, and whether the rooms desired are to be with or without bath.

Compliance with these suggestions will certainly promote your comfort and pleasure.

CONVENTION ENTERTAINMENT.

An interesting program for the entertainment of the delegates and ladies is being arranged, including the following:

Tuesday.

Trip by trolley cars to World's Fair Grounds; leave Planters' Hotel at 3.00 P. M.; leave grounds at 5.30 P. M. for Delmar Garden, where informal out-door reception and dinner will be given. At 8.00 P. M., Weber & Fields Co. at Delmar Garden Theatre; seats reserved for the party.

Wednesday.

Trolley ride for the ladies to Glen Echo Country Club, leave Planters' Hotel 10.00 A. M., Lunch at Club, return about 4.00 P. M.

At 6.30 P. M., June 10th, Steamer *City of Providence* leaves foot of Olive Street for a trip up river 25 miles. Dancing and light refreshments late in evening.

Thursday.

Plans not yet completed.

New Local Associations.

LYNCHBURG, VA.

Lynchburg Branch of the National Organization Is Inaugurated.

At a meeting of representatives of wholesale business houses of Lynchburg held on the evening of May 8, 1903, a branch of the National Association of Credit Men was organized, to be known as the Lynchburg Branch of the National Association of Credit Men. The meeting was held in the office of the Board of Trade in the Law Building, and among those present was Mr. J. H. Tregoe, president of the National Association, who went to Lynchburg for the special purpose of assisting in perfecting the Lynchburg organization. Mr. Tregoe made an interesting and instructive address, which was most highly appreciated.

The officers of the Lynchburg Branch, elected at last night's meeting, are as follows:

President—T. M. Terry.

First Vice-President—McIlwaine Knight.

Second Vice-President—W. J. D. Bell.

Secretary and Treasurer—John L. Caskie.

The following Lynchburg houses were present and were enrolled as members: Oglesby-DeWitt Company, Smith-Briscoe Company, Diuguid Bros., Lynchburg Shoe Company, George D. Witt Shoe Company, Hughes Buggy Company, Craddock-Terry Company, Barker-Jennings Hardware Company, Kinnier, Montgomery & Company, Knight Clothing

and Manufacturing Company, Quinn-Marshall Company, A. S. White & Company, Guggenheimer & Company, Jackson Bros. & Watts Company, R. Winston, Harvey, Harris, Woodson & Company.

Before the adjournment of the meeting a vote of thanks was tendered Mr. Tregoe for his services in organizing the Lynchburg branch and for his efficient work in its behalf.

YOUNGSTOWN, O.

Through the splendid interest and work of Mr. F. G. King, of the John H. Fitch Company, a movement looking to the organization of a local Association in Youngstown, O., was started some two months ago. This culminated in a large meeting held at the Tod House, Youngstown, on the evening of Thursday, May 7th, 1903, National Secretary Wm. A. Prendergast being present at the request of the local people. After a very delightful dinner had been served Mr. King, who presided, called upon Mr. Prendergast to speak, and the latter gave a general description of the causes leading to the organization of the Credit Men's Association, and an account of the work performed by it up to this time. At the conclusion of Mr. Prendergast's remarks it was decided to appoint a Committee on Permanent Organization, to draft a constitution and by-laws for the new Association. The name has not been selected as yet, but may be the Youngstown Commercial and Credit Association. There were sixty-five houses represented, three of the wholesale concerns of Warren, O., being present in the persons of the heads of the firms.

Bulk Law Matters.

MASSACHUSETTS.

The bill for the regulation of the sales of stocks of goods in bulk, introduced in the Massachusetts General Court at the request of the Boston Credit Men's Association, has been the occasion of considerable excitement in the old Bay State.

A dealer in second-hand stocks, named Raymond, doing business in Boston, evidently believed that the passage of what is known as a bulk bill would interfere with his business, and made a desperate effort to defeat the bill in the Senate. Failing in this, he charged that certain members in the Senate had been improperly influenced in their support of the bill, and these charges were made the basis of an investigation, in the course of which President John R. Ainsley and other members of the Credit Men's Association were called before the Committee for the purpose of testifying. The result of the investigation was a complete refutation of the charges made by the person Raymond. The bill has passed both houses, and now awaits the Governor's signature.

MICHIGAN.

The bulk bill passed by the Legislature of Michigan was vetoed by Governor Bliss. An effort is being made to pass the bill over the Governor's veto, and earnest work is being done in this connection.

FLORIDA.

We regret to report that the bulk bill introduced in the Florida Legislature has been defeated for this session. A new measure will be introduced in the next Legislature.

PROGRAM OF THE CONVENTION
of the
NATIONAL ASSOCIATION OF CREDIT MEN,
ST. LOUIS, MO.

June 9, 10, 11, 1903.

Tuesday, June 9, 1903.

- 10.00 A. M.—Convention called to order by the President.
- 10.05 " Invocation—Reverend Samuel J. Nicolls, D.D., Second Presbyterian Church.
- 10.10 " Address of Welcome on behalf of the City and State.—Hon. A. M. Dockery, Governor of Missouri.
- 10.20 " Address of Welcome on behalf of the St. Louis Credit Men's Association—Hon. Cyrus P. Walbridge, of The J. S. Merrill Drug Company.
- 10.30 " Response to Addresses of Welcome—Mr. George T. Macauley, of G. T. Macauley & Company, Columbus, O.
- 10.40 " President's Address—President J. Harry Tregoe.
- 11.00 " Secretary-Treasurer's Annual Report—Secretary-Treasurer Wm. A. Prendergast.
- 11.25 " Appointment of Committees on Credentials, Resolutions, Nominations, and Auditing the Report of the Secretary-Treasurer.
- 11.35 " Address, "Fraternity"—Mr. Marcus M. Marks, of David Marks & Sons, New York, President National Clothiers' Association.
- 12.00 M. Open Parliament on matters referring to the affairs of the Membership Committee. Resolutions referring to this department may be introduced during this order of business and immediate action taken thereon. The following resolutions are offered for the consideration of the Convention:

No. 1. *Resolved*, that the National Association be requested to prepare a slip with a perforated, gummed edge, upon the detachable portion of which shall appear the words:

"NOTICE.

"The concern giving this information is a member of the National Association of Credit Men, and is pleased to furnish the same.

"A postal to Wm. A. Prendergast, Secretary-Treasurer, 29-31 Liberty Street, New York, will bring you literature showing the advantages of membership."

It is suggested that these slips be distributed to the entire membership of the Association, and that the members be requested to paste such a slip upon each and every written reference they may give.

No. 2. *Resolved*, that the National Secretary have printed on separate cards or slips the resolutions which are adopted at each convention and send the same to the officers of each local association and to the chairmen of the various committees of each local association with the request that the subjects be kept prominently before them during the

year for their own guidance and in order that the work of the Association be furthered.

Each committee chairman to get only the cards containing subjects of direct interest to his committee and to be supplied with one dozen copies of the card.

Each secretary to get a copy of each card such as is sent to the various chairmen, so that he may be able to keep track of the work each committee is supposed to take up.

No. 3. *Resolved*, that the Secretary of the National Association be, and he is, hereby authorized and instructed to obtain designs and bids for furnishing an Association Button, which shall be a suitable emblem significant of membership in the National Association of Credit Men; the selection of a design and the acceptance of a bid to be subject to the approval of the board of directors, and the button to be furnished to members in good standing—to individual members through the National Secretary, and to local members through their respective local secretaries—upon the payment of \$1.00, and the signing of an obligation to return the button, without refund, upon withdrawal from the association.

1.00 P. M.—Open Parliament on matters referring to the affairs of the Business Literature Committee. Resolutions referring to this department may be introduced during this order of business, and immediate action taken thereon. The following resolutions are offered for the consideration of the Convention:

No. 1. *Whereas*, it has been the policy of the Association to send the paper known as BUSINESS TOPICS to daily, weekly and trade papers, and

Whereas, this practice, while bringing before said papers many important questions of a business nature, does not inform them of the current work of the Association, therefore be it

Resolved, that BUSINESS TOPICS be discontinued as a separate paper, and that instead the MONTHLY BULLETIN be sent to the press mailing list.

No. 2. *Resolved*, that the Secretary of the National Association of Credit Men be, and he is hereby, authorized to charge a sum not less than fifty cents per annum for the MONTHLY BULLETIN; this charge to be made to all members, both individual members of the National Association and members of the local associations to whom the BULLETIN is sent.

No. 3. *Resolved*, that the local associations be requested to issue frequently, BULLETINS containing events of importance in respect to their work, and particularly information in respect to legislation which may be pending in their States.

1.55 P. M.—Appointment of Chairmen of State Delegations.

2.00 " Adjournment.

Wednesday, June 10, 1903.

10.00 A. M.—Convention called to order by the President.

10.05 " Invocation—Reverend Rabbi M. Spitz, Editor and Publisher, *Jewish Voice*.

10.10 " General communications, announcements, etc.

10.15 A. M.—Report of the Committee on Credentials.

10.25 " Address, "Failures and Their Causes," Mr. F. W. Yale, of John S. Brittain Dry Goods Company, St. Joseph, Mo.

10.50 " Open Parliament on matters referring to the affairs of the Improvement of Mercantile Agency Service Committee. Resolutions referring to this department may be introduced during this order of business, and immediate action taken thereon. The following resolutions are offered for the consideration of the Convention:

No. 1. *Whereas*, the abolishment of post offices and the establishment of Rural Free Delivery Routes seems to warrant immediate changes in the Reference Books issued by Commercial Agencies, the Milwaukee Association of Credit Men submit the following:

Resolved, that Mercantile Agencies be requested to continue ratings of merchants, traders, etc., under the names of towns (formerly post offices), where such merchants, traders, etc., are located and doing business;

Resolved, that Commercial Agencies be requested, in addition to such information to show immediately under or following the names of such towns, the names of actual post offices with the notation R. F. D. as per example following:

Shipton, Greene Co.
(Salina R. F. D.)

11.50 A. M.—Open Parliament on matters referring to the affairs of the Legislative Committee. Resolutions referring to this department may be introduced during this order of business, and immediate action taken thereon. The following resolutions are offered for the consideration of the Convention:

No. 1. *Whereas*, the efforts of the Association through its local branches to secure legislation for the regulation of the sales of stocks of goods in bulk have met with gratifying success during the present year, making the number of bulk laws in existence at this time, 16; therefore, be it

Resolved, that the Legislative Committee be instructed to continue its labors in this direction, and that special care be observed in causing the early introduction of bulk bills in the legislatures of the States where no laws upon this subject exist.

No. 2. *Resolved*, that the National Office be instructed to prepare a pamphlet containing copies of all the laws for the regulation of sales of stocks of goods in bulk now in existence; copies of the decisions of courts of last resort as to the constitutionality of these laws; leading arguments in behalf of legislation of this character; and all other data pertaining to the subject, which in the judgment of the National Office should be inserted; be it also

Resolved, that these pamphlets be sold at cost price to the local associations, and that the latter be urged to distribute them among their entire membership in order that proper interest in this subject may be thoroughly stimulated.

No. 3. *Resolved*, that the Legislative Committee be instructed to consider the advisability of securing federal legislation which will make the sending of false statements through the mails for the purpose of

obtaining credit, a punishable offense against the postal laws, and that the Committee be given full power to act in this matter.

No. 4. *Whereas*, there is great diversity in the Exemption Laws of the several States, for which no sufficient reason is apparent; and

Whereas, many of the laws now in existence were framed to meet the requirements of rural communities, or to suit conditions of former years, and are wholly unsuited to the conditions existing in the same commonwealths now; and,

Whereas, there is a resultant diversity in the construction placed upon these various statutes by the courts as to the application, purpose, enforcement and scope thereof; and,

Whereas, this situation gives rise to inequalities in the several States; the laws in some cases being so narrow as not sufficiently to protect the families of unfortunate or improvident debtors, and in other cases so broad as to make it possible for comparatively well-to-do debtors to dishonestly repudiate just obligations; and,

Whereas, it would be beneficial alike to the debtor and to the creditor classes to have a system of Exemption Laws which would be as nearly uniform as the conditions now existing in the different sections of this country would permit, and which would protect from want and penury those who are in need of such protection without needlessly obstructing justice; *Now, Therefore, be it*

Resolved, by the National Association of Credit Men in Convention assembled, that the Legislative Committee be requested to make inquiry into the nature of the Exemption Laws now in force in the several States, and to compare these laws and their workings, with a view to ascertaining which statutes most equitably serve the purpose for which they were designed; and that said Committee be requested to make a report to this Association at its next annual Convention, in which report the results of its investigations shall be set forth; pointing out in such report the particular imperfections and shortcomings, as well as the wise and strong features of the several laws; and that said Committee draft a law governing exemptions, or several laws, as may to them seem best, uniform in the general scope thereof, with only such variations as may appear to be imperatively demanded by the divers conditions existent in the several States or sections; and, *be it further*

Resolved, that the report of said Committee, when adopted by this Association, be printed; and that the Legislatures of the several States be memorialized, by presenting to them copies of said printed report, together with the recommendations of said Committee, and a petition asking their affirmative action relative thereto; and, *be it further*

Resolved, that this Association, and its individual members, by all honorable means in their power, awaken public sentiment upon this question, to the end that wiser, more equitable and more uniform laws respecting exemptions shall be placed upon the Statute Books of the several States.

No. 5. *Whereas*, it is fully recognized that whatever affects the prosperity of the retail merchant, either adversely or otherwise, is directly felt by the manufacturer or wholesaler; and

Whereas, for the foregoing reason it is unquestionably to the advantage of the members of the National Association of Credit Men, and clearly within the province of their organization to co-operate in all movements which have for their object the betterment of trade conditions surrounding the retail dealer; and

Whereas, the retailers of our country are suffering an annual loss almost beyond computation from irresponsible consumers who obtain from them on credit the necessities of life; and

Whereas, in order to enforce the collection of such debts for necessities it is apparent that the retail dealer should be able to garnish the wages, interest or income of such a debtor under a fair and equitable garnishment law, not unnecessarily stringent or oppressive; and

Whereas, his ability to do so by a simple and inexpensive method would be a distinct advantage to the merchant class generally; therefore be it

Resolved, that the National Association of Credit Men in Convention assembled endorses the garnishment principle, and declares in favor of its incorporation into the laws of each State, and recommends that all local associations co-operate in every possible manner wherever laws of this nature, or amendments thereto, are pending, and that the National Secretary be also authorized to lend his influence and co-operation to all consistent efforts in this direction.

No. 6. *Resolved*, that it shall be the duty of the local associations and of the State vice-presidents in the States where no local associations exist to promptly advise the National Office in respect to all legislation having a bearing upon commercial interests, introduced in their respective Legislatures, and that this information be conspicuously noted in the MONTHLY BULLETIN; in order that our members and merchants generally may be enabled to exercise their influence in behalf of needed legislation in localities outside of their own communities; be it also

Resolved, that there shall appear in the MONTHLY BULLETIN at the proper seasons, due notice as to the meetings of the different Legislatures, and the duration of their respective sessions.

No. 7. *Resolved*, that the National Association of Credit Men in Convention assembled expresses its cordial approval of the efforts made in the last Congress providing for the reorganization of the Consular Service as defined in the "Lodge Bill," and its regret at the failure of Congress to take favorable action upon that measure; and be it further

Resolved, that we heartily approve the reintroduction of the "Lodge Bill" in the Fifty-eighth Congress, and that the officers of this Association be requested to memorialize the Senate and the House of Representatives in behalf of this legislation.

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- 1.00 P. M.—Report of Auditing Committee.
1.10 " Report of the Committee on Nominations.
1.20 " Nomination of candidates for President and Vice-President.
1.40 " Informal ballot for nominations for President and Vice-President.
2.00 " Adjournment.

Thursday, June 11, 1903.

- 9.30 A. M.—Convention called to order by the President.
9.35 " Invocation—Reverend John W. Day, Church of the Messiah.
9.40 " General communications, announcements, etc.
9.45 " Address, "Modern System and the Credit Department," Mr. M. Martin Kallman, Chicago, Ills.

10.10 A. M.—Open Parliament on matters referring to the affairs of the Credit Department Methods Committee, and the Report of the Credit Insurance Committee. Resolutions referring to this department may be introduced during this order of business, and immediate action taken thereon. The following resolutions are offered for the consideration of the Convention:

No. 1. *Resolved*, that the report of the Special Committee on Credit Insurance, as published, be and it is hereby approved by the National Association of Credit Men in Convention assembled.

No. 2. *Whereas*, the original purpose of the Association in preparing a trade inquiry blank was to secure one which could be uniformly used by all members, and business houses generally; and

Whereas, the Association is now publishing three different trade inquiry blanks; therefore, be it

Resolved, that the Board of Directors be instructed to consider this matter, and decide upon one blank, to be published by the Association, which blank may be any one of the three already in use; or an entirely new form, to be decided upon by the Board.

No. 3. *Resolved*, that it is the sense of the National Association of Credit Men, in Convention assembled, that the most effective method of abolishing the abuse known as excessive discounts would be for merchants to refuse to do business with concerns who are in the habit of taking discount to which they are not entitled.

No. 4. *Resolved*, that the individual members of the National Association of Credit Men, and the members of the local associations who are forwarding accounts for collection, be requested to place these accounts with the local associations conducting collection bureaus.

No. 5. *Resolved*, that the local associations be requested to appoint special committees of three, in each branch, whose duty it shall be to investigate the standing and responsibility of reporting and collection companies, and that the results of the investigations of these committees be made interchangeable between the different associations.

No. 6. *Resolved*, that the National Association of Credit Men by every means within its power impress upon retail dealers the advisability and necessity of carrying adequate lines of fire insurance, and to the end that such object may be accomplished, the president of the association is directed to appoint a special committee of three, whose duty it shall be to prepare ways and means for the preparation and circulation of literature among retail merchants. Such literature shall state the situation in as concise a manner as possible and shall be circulated in such way as such committee may elect.

No. 7. *Whereas*, there is, annually, considerable loss to the jobbers and manufacturers of the country, occasioned by loss from fire or uninsured or inadequately insured retail stocks; and

Whereas, this is due: First, to the indifference of the merchant. Second, to injudicious economy to save the cost of insurance. Third, to inability to secure insurance; and

Whereas, it is difficult for the individual jobber or manufacturer to do much to correct this dangerous condition of affairs; therefore, be it

Resolved, that the National Association of Credit Men establish a bureau to aid its members, throughout the country, in obtaining better insurance protection for their customers.

Members, from time to time, to send, to this bureau, the names of merchants they find unprotected, or inadequately protected by insurance. These names to be indexed to avoid duplication, and a systematic effort inaugurated by the bureau to induce the merchant to protect his stock by insurance. And where necessary to aid in obtaining insurance, where merchants have difficulty in securing same for themselves.

The powerful influence of the Association, representing the great credit interests of the country, being relied on to influence the retail merchant to keep more adequately protected from loss by fire than is possible to be accomplished through individual and unorganized effort.

No. 8. *Whereas*, in cases of loss by fire the responsibility of merchants becomes seriously impaired, because of the fact that fire insurance held is found to be worthless; therefore, be it

Resolved, that the National Association of Credit Men urges upon all classes of merchants the desirability of having the insurance carried by them fully investigated and vouched for, as to the financial responsibility of the companies represented in such insurance.

II.10 A. M.—Open Parliament on matters referring to the affairs of the Investigation and Prosecution Committee. Resolutions referring to this department may be introduced during this order of business, and immediate action taken thereon. The following resolutions are offered for the consideration of the Convention:

No. 1. *Resolved*, that the following changes be made in the general plan and rules of the Investigation and Prosecution Bureau:

1. The title of this Bureau shall be changed to "Prosecution Bureau of the National Association of Credit Men."

2. The Board of Trustees of the Trust Fund shall consist of the President, Vice-President, Secretary-Treasurer, and Chairman of the Investigation and Prosecution Committee.

3. The replenishment dates of the Trust Fund shall be January 1st and July 1st of each year. The amount to be raised for such replenishment shall be assessed *pro rata* upon the organized and individual memberships of the Association.

4. The Prosecution Bureau shall not be expected to handle cases in bankruptcy, but upon satisfactory information that the examinations in bankruptcy have developed material upon which to base charges of fraud it shall be the duty of the Bureau to carefully examine the minutes of the bankruptcy proceedings, and then determine as to the advisability of instituting criminal prosecution.

5. The five per cent. assessment upon the members and creditors interested in prosecution cases shall be abolished, the entire expenses of these cases to be defrayed from the Trust Fund.

No. 2. *Resolved*, that in each commercial center, where an association of not less than one hundred members exists, or in each State where

the membership is not less than 100, there shall be appointed by the President of the National Association of Credit Men a committee of five, called the Prosecution Committee for Fraudulent Failures, three members thereof constituting a quorum.

That it shall be the duty of such committee to consider the nature of any failure reported by a member of the Association, within its jurisdiction, and if they conclude that successful criminal prosecution can be maintained, the complainant, on being empowered by the committee, may institute proceedings, by employing detectives and attorneys.

That said committee shall be empowered to draw on the Prosecution Fund of the Association in an amount not to exceed \$500.00 for such purpose, whereof any part not used shall be returned to the Prosecution Fund.

That five per cent. of the claims be thereafter collected from each creditor, having a claim against the debtor, by personal solicitation of the complaining creditor, endorsed by the committee so authorizing prosecution, under the name and authority of the National Association of Credit Men. That any sum realized by the five per cent. assessment, not used, be returned into the Prosecution Fund of the National Association.

That all proceedings and expenditures shall be under the jurisdiction of the committee and under no circumstances shall a compromise be made with debtor after proceedings have been instituted, except by authority of said committee.

That when the Prosecution Fund of the National Association be reduced to \$5,000.00, a call shall be made upon the local associations, and the members of the National Association, for \$1.00 for each member, to keep the Prosecution Fund intact.

That there shall not be drawn from the Prosecution Fund of the Association more than \$500.00 in any one case, the particulars of each case to be furnished the National Secretary by telegraph or mail, at the time draft is made, so that there will be no possibility of cases being instituted against the same debtor in different places, the first committee so applying being recognized by the National Association in the payment of its draft.

- 12.10 P. M.—Election of officers.
12.25 " Selection of place for next Convention.
12.45 " Selection of Central Office.
12.50 " Report of Committee on Resolutions.
1.20 " Introduction of newly elected officers to the Convention.
1.30 " Adjournment.

Delegates and Alternates to the St. Louis Convention Representing Local Associations.

Associations not mentioned in the list given herewith have not reported their Delegates or Alternates up to the time of going to press:

BOSTON.

Delegates.

Bird, Chas L. Brown, Durrell & Co.
Graves, Geo. H. Walworth Mfg. Co.
Harding, E. W. Winslow, Rand & Watson
Knowles, J. F. The W. G. Simmons Corp. (Hartford, Conn.)
Lewando, C. L. Shoe & Leather Mercantile Agency
Reed, H. E. Hathaway, Soule & Harrington Co.

BUFFALO.

Delegates.

Edwards, W. M.	Pratt & Letchworth Co.
Joyce, Wm. A.	Wm. H. Walker & Co.
Ryan, Samuel C.	Burt & Sindele Factory
Burt, Alfred H.	Burt & Sindele Factory
Caudell, U. L.	Barcalo & Boll Mfg. Co.

Alternates.

Hoefner, A. J.	A. Hoefner & Sons
Dolphin, J. J.	Iroquois Rubber Co.
Sibley, Frank.	Sibley & Holmwood
Farnham, W. H.	Geo. W. Farnham Co.
Harding, R. M.	The Bradstreet Co.

CHICAGO, ILL.

Delegates.

Boss, John C.	Liquid Carbonic Acid Mfg. Co.
Mapes, Dorchester.	Simmons Mfg. Co.
McAdow, F. H.	Staver Carriage Co.
McMillan, W. J.	The N. K. Fairbank Co.
Newhall, C. H.	First National Bank
Shurtleff, W. C.	Morrison, Plummer & Co.
Smith, Fred. A.	Reid, Murdock & Co.
Smith, H. T.	Bradner, Smith & Co.
Stewart, R. M.	R. P. Smith & Sons Co.
Hovey, Geo. H.	Gage Bros. & Co.
Tribou, N. M.	Longley, Low & Alexander
Griggs, J.	218 La Salle St.
Becker, A. W.	Becker, Mayer & Co.

Alternates.

Boedeker, Geo. A.	Johnson Chair Co.
Moore, C. E.	Chas. A. Stevens & Bros.
Robertson, Victor.	John V. Farwell Co.
Tiffany, W. S.	O. W. Richardson & Co.
Waldeck, H.	Continental National Bank
Whitlock, S. J.	Belding Bros. & Co.

CINCINNATI, O.

Delegates.

Silberberg, Max.	The Feder, Silberberg Co.
Brown, A. S.	Brown & Co.
Johnston, W. B.	The P. R. Mitchell Co.
Hopple, W. A.	The John Shillito Co.
Smith, Robt. McF.	National Lead Co.
Dieterle, Geo. F.	The Union Distilling Co.
Sommerfield, A. W.	A. & A. W. Sommerfield & Co.

Alternates.

North, W. E.	Sanford, Storrs & Varner
Rosson, S. G.	
Kaplan, A. O.	Ocean Accident & Guarantee Co.
Gray, James.	Chatfield & Woods Co.
Doggett, L. S.	Putnam, Hooker & Co.
Timberman, O. J.	Pittsburgh Plate Glass Co.
Korn, Chester F.	Farrin-Korn Lumber Co.

CLEVELAND, O.

Delegates.

Lyon, W. F.	Cady-Iverson Shoe Co.
Robbins, T. P.	Cleveland Hardware Co.
Grossenbacher, F. A.	The Sterling & Welch Co.
Rice, W. E.	Wm. Edwards & Co.
Matchett, J. L.	The Haserot Co.

Alternates.

Kast, Geo. F.	The Cleveland Twist Drill Co.
Frieger, M. S.	The Cleveland Window Glass Co.
Frank, A. W.	The Sherwin-Williams Co.
Spitzig, J. A.	S. C. Smith & Co.
Somers, A. L.	F. Widlar & Co.

COLUMBUS, O.

Delegates.

Jeffrey, J. A.	Jeffrey Mfg. Co.
Morris, E. K.	Central Ohio Paper Co.

DENVER.

Delegates.

Standart, Fred'k W.	The C. S. Morey Mercantile Co.
Foster, Alexis C.	The Daniels Bank
Gillette, Ralph R.	The J. S. Brown & Bro. Merc.
Griffith, C. D.	The C. D. Griffith Shoe Co.
Weaver, W. C.	The Daniels & Fisher Stores Co.
Osborn, B. W.	The Millar-Osborn Spice Co.

Alternates.

Plummer, John T.	The Truax Mfg. Co.
Mathew, H. A. C.	Asst. Secty.
Mayer, Karl K.	Kuner Pickle Co.
Friedman, Meyer	A. Friedman & Co.
Austin, Chas. T.	The Denver Dry Goods Co.
Hall, W. C.	Spratlen & Anderson

KANSAS CITY, MO.

Delegates.

Powell, Jno. L.	Goldstandt-Powell Hat Co.
Krauthoff, E. A.	Karnes, New & Krauthoff
Gregory, J. M.	The Bradstreet Co.
Waggener, I. D.	Campbell Paint & Glass Co.

LOUISVILLE, KY.

Delegates.

Hilpp, S. A.	S. A. Hilpp & Co.
Redding, F. M.	B. F. Avery & Sons
Woodruff, A. N.	Louisville Tin & Stove Co.
Gettys, F. M.	American Clothing Co.

Alternates.

Walker, Walter	Harbison & Gathright
Bradbury, W. H.	Carter Dry Goods Co.
Nordeman, C. B.	J. M. Robinson, Norton & Co.
Quast, J. H.	J. H. Quast & Son
Hardy, W. B.	Brinly-Hardy Co.

MILWAUKEE, WIS.

Delegates.

Fitzgerald, W. N.	Bradley & Metcalf Co.
Rich, A. W.	The Rich Shoe Co.
Lund, Chas. J., Secretary	Wells Building
Hahn, A. C.	Phoenix Chair Co.
Strong, W. B.	Jerman, Pflueger, Kuehmstead & Co.
Wettstein, A. P.	Middleton Mfg. Co.

Alternates.

Mahler, Jacob	Mahler Bros.
Barney, R. D.	O'Neil Paint & Oil Co.
Mason, E. C.	Phoenix Knitting Works
Lane, Wm. I.	B. J. Johnson Soap Co.
Christiansen, A.	Pfister & Vogel Leather Co.
Hansen, H. Theo.	Amr. Credit Indemnity Co.

MINNEAPOLIS, MINN.

Delegates.

Clerihew, A. E.	Forman, Ford & Co.
Salisbury, F. R.	Salisbury & Satterlee
Hughes, W. S.	Dodson, Fisher, Broekmann Co.
Fisher, E. J.	Winston, Harper, Fisher & Co.
Atwater, W. T.	W. S. Nott Co.
Hopkins, F. J.	Janney, Semple, Hill & Co.

Alternates.

Sewall, S. L.	Minneapolis Iron Store Co.
Badger, M. C.	Patterson & Stevenson Co.
Luger, J. A.	Luger Furniture Co.
Green, T. H.	Green & De Laittre Co.
Winslow, C. R.	Finch-Smith Co. (Crookston, Minn.)
Murton, S. J.	The Paris-Murton Co.

OMAHA, NEB.

Delegates.

Andreesen, E. M.	Lee-Glass-Andreesen Hardware Co.
Russell, Chas.	
Woodard, D. M.	Kopp-Woodard Co.
Robinson, C. N.	Byrne & Hammer Dry Goods Co.
Hochstetler, F. B.	Wright & Wilhelmy Co.

PHILADELPHIA, PA.

Delegates.

McKee, J. A.	Merchant & Co. Inc.
Evans, Frank S.	Strawbridge & Clothier
Rapp, Chas. G.	Young, Smyth, Field Co.
Levi, G. L.	Saml. Sternberger & Co.
Carter, Warren	Carter, Donlevy & Co.
Endy, D. G.	Artman, Treichler Co.
Sweeten, Frank D.	Vallee Bros. Electrical Co.
Chambers, R. S.	American Credit Indemnity Co.
Moody, H. E.	De Cou Bros. Co.
Severson, S. W.	Secretary Philadelphia Association

ROCHESTER, N. Y.

Roblin, Elmer.....Sibley, Lindsay & Curr
Farley, Joseph.....E. P. Reed & Co.
Kingsbury, Ira D.....Bausch & Lomb Optical Co.
Present, Philip.

ST. JOSEPH

Delegates.

Yale, F. W.....Jno. S. Brittain Dry Goods Co.
Smith, F. C.....Hundley-Smith Dry Goods Co.
Sponsler, C. W.....Noyes-Norman Shoe Co.
McBride, R. O.....C. D. Smith Drug Co.
Dickey, C. S.....Letts-Spencer Grocer Co.

Alternates.

Jones, Minetry.....Jones-Payne Hat Co.
Powell, M. C.....St. Joseph Plow Co.
Curtin, R. F.....Curtin & Clark Hdw. Co.
Calkins, R. R.....German-American Bank
Hendrick, W. S.....R. T. Davis Mill & Mfg. Co.

ST. LOUIS, MO.

Delegates.

Lang, J. E.....Carthage, Mo.
McKenna, F. J.....C. D. Gregg Tea & Coffee Co.
Gilmore, J. G.....Gilmore & Ruhl
Brewer, F. C.....A. P. Brewer Lumber Co.
Vogel, L. D.....Charter Oak Stove & Range Co.
Klene, W. F.....American Rattan Works
Miles, Chas. W.....Pullen-Richardson Chem. Co.
Scharff, E. E.....N. Scharff & Sons Gro. Co.
Lake, F. C.....B. Nugent & Bro.
Winter, R. E. L.....O. J. Lewis Merc. Co.
Black, James E.....B. J. Strauss & Samish
Strauch, Jno. B.....More-Jones Brass & Metal Co.
De Lano, S. P.....Liquid Carbonic Acid Mfg. Co.
Cram, Geo. J.....Mo. Moline Plow Co.
Biebinger, W.....G. F. Dittman B. & S. Co.
Sluder, W. G.....Moffitt-West Drug Co.
Wilucki, Paul W.....Butler Bros.

Alternates.

Price, V. L.....National Candy Co.
Stearn, Max.....Rothschild Bros. Hat Co.
Howland, H. B.....A. A. Ebersson & Co.
Manley, Jno. D.....J. D. Manley Implt. Co.
Grant, F. P.....Giesecke-D'Oench-Hays S. Co.
Parker, Jno. C.....Parker Distilling Co.
Garrels, G. W.....Franklin Bank
Udell, C. E.....C. E. Udell & Co.
Fields, S. M.....Ferguson-McKinney D. G. Co.
Anderson, L. A.....J. M. Anderson & Co.
Seltzer, F. P.....Wenneker-Morris Candy Co.
Norwine, A. C.....Meyer Bros. Coffee and Spice Co.
Oberhauser, T. W.....Crane Co.
Brinsmade, H.....King-Brinsmade Merc. Co.
Mehagan, W. L.....St. L. Glass & Queensware Co.
Brooks, Elgin S.....Goodfellow-Brooks Shoe Co.
Allan, J. E.....Allan-Pfeiffer Chem. Co.

SAN FRANCISCO, CAL.

Delegates.

Elkus, Eugene S.	L. Elkus Co.
Selig, Philip	Selig Bros. & Co.
Schutz, J. J.	Haas Bros.
Swartley, Wm.	Holbrook, Merrill & Stetson
Barnes, E. A.	The Bradstreet Co.
Hawkins, C. A.	White Sewing Machine Co.
McCloskey, W. C.	Pacific Hardware & Steel Co.
Lutgen, C. J.	J. A. Folger & Co.
Johnson, P. L.	Hills Bros.

SEATTLE, WASH.

Jennings, I. H. Assistant Secretary

NEWS OF THE LOCAL ASSOCIATIONS.

Columbus Credit Men's Association.

The May meeting of this Association was held at the Chittenden Hotel May 19th, and by special arrangement the meeting discussed the subject of Credit Insurance. The Association had as its guests Mr. Jacob Furth, of the American Credit Indemnity Co., and Mr. A. O. Kaplan, of the Ocean Accident and Guarantee Corporation, Ltd., both of whom submitted their views on the subject under discussion, their handling of the matter being cordially appreciated by the members present.

President Geo. T. Macauley, of the Columbus Credit Men's Association, will deliver the response to the addresses of welcome at the St. Louis Convention, and the local branch will also be represented by the following delegates:

Mr. J. A. Jeffrey, Jeffrey Mfg. Co.

Mr. E. K. Morris, Central Ohio Paper Company.

Detroit Credit Men's Association.

The regular monthly meeting of the Detroit Credit Men's Association was held Thursday evening, May 21, 1903, at the Fellowcraft Club with about 45 members present.

The following were elected to represent the Association at St. Louis:

Delegates.

Geo. B. Pulfer.

W. C. Noack.

W. G. Seely.

J. J. Smith.

E. L. Ide.

Alternates.

Jno. F. Monaghan.

D. E. Stott.

O. C. Lake.

F. C. Kennedy.

J. J. McLeod.

The President requested any member who had any suggestions of matters to be presented for consideration at the National Convention to confer at once with the delegates.

Mr. J. J. Crowley eulogized Mr. George B. Pulfer for his services to the local and national associations and moved that the delegates from this Association be instructed to present his name to the National Association Convention at St. Louis as a candidate for President of that body and to use every legitimate means to secure his election. Mr. Pulfer attempted to decline the honor thus proposed, but the motion was insisted on and unanimously carried.

The President stated that the Governor of Michigan had vetoed the law regulating the sales of stocks in bulk, which seemed to have been done under a misconception and Mr. Pulfer explained that a further effort would be made to pass the bill over the veto.

Hon. Thos. A. E. Weadock was then introduced and spoke upon the topic: "Is Credit a Real Benefit to Business?" taking the ground that it is rather detrimental than otherwise.

Mr. Bowen sang several songs very acceptably during the evening.

The President suggested that members write to the Senators and Representatives urging them to vote for the passage of the "Sales in Bulk Bill" over the veto of the Governor.

After a vote of thanks to Mr. Weadock and Mr. Bowen the members adjourned to enjoy a light lunch and get better acquainted.

The Grand Rapids Credit Men's Association.

A very pleasant meeting of this Association was held on the evening of April 21, 1903, at the Peninsular Club with an attendance of 35. The feature of the meeting following the dinner was an address by Mr. Geo. Clapperton on "The Advantages of Limited Partnerships and Corporations," which is published elsewhere in this issue.

The Executive Committee reported the addition of two new members to the society, and recommended their election.

The Legislative Committee reported progress on securing the passage of the "Sale of Stocks in Bulk" bill, which was introduced by Senator Brown, and fathered in the House by Representative Scott, the prospects appearing favorable for its early passage.

Mr. Merrill entertained the society with five minutes of humorous stories.

The Kansas City Association of Credit Men.

The Kansas City Association of Credit Men held its monthly dinner on Friday evening, May 15, 1903. There were present some thirty-five members. The program rendered was as follows:

"Clearing of Credits," Samuel H. Smith, Credit Clearing House.

Report of Legislative Committee, James C. Horton, Chairman.

"Recent Amendments to the Bankruptcy Law," E. A. Krauthoff.

Open discussion: "Fire Insurance as an Element of Credit," John L. Powell, Goldstandt-Powell Hat Co.; S. A. Pierce, Great Western Type Foundry, and James McQueeney, Western Grocer Co.

Following this was an interesting program of a vaudeville nature, consisting of monologue by C. J. Dillon, of the *Kansas City Star*; feats of sleight-of-hand magic, by Prof. John A. Turley; baritone solo by C. A. Larson; banjo solo, W. H. Adams; piano solo, C. Olin Price.

The following officers were elected: President, John L. Powell, of Goldstandt-Powell Hat Co.; Vice-President, G. A. Berwin, of Cudahy Packing Co.; Secretary, Edwin A. Krauthoff; Treasurer, George B. Harrison, Jr., New England National Bank. The following delegates were elected to the St. Louis convention: I. D. Waggener, of Campbell Glass and Paint Co.; J. M. Gregory, Bradstreet's; John L. Powell, and Edwin A. Krauthoff.

Los Angeles Credit Men's Association.

The Los Angeles Credit Men's Association, whose chief object is to "swap" ideas concerning leaks and the best methods of plugging them up, held a banquet April 21st in Levy's Cafe, one of a monthly series, and afterwards discussed "Credit Department Systems and Methods." In the ad-

dresses many peculiar points of interest to all who are obliged to dun delinquent debtors were elicited.

The first speaker was B. H. Dennis, with Barkley-Stetson-Preston Company, who had brought with him a complete outfit of files, blanks, duns, etc. After explaining the care which his firm exercised in securing, through Dun's, Bradstreet's or the local mercantile agencies, the accurate rating for each customer desiring credit, he told how an undesirable would-be customer is gracefully turned down. A statement blank is sent to the suspected one, requesting that he jot down thereon an exact summary of the value of his merchandise, fixtures and real estate, also an accurate summary of all his debts, even including those owing to relatives and friends. It is for all the world like a poll tax blank. At the head of the statement, in red ink, is printed the following solemn sentence:

"Large assets are not always necessary to the creation of credit; what is most desirable is that credit be in relative proportion to the actual assets. The giver of credit is a contributor of capital, and becomes, in a certain sense, a partner of the debtor, and, as such, has a perfect right to complete information of the debtor's condition at all times."

Mr. Dennis admitted that few of these blanks ever came back. He knew of one case, however, where a man reported, after making a clean breast of his finances, that he had sixty dollars "to the good," but alas! the whole business blanketed with a chattel mortgage.

Mr. Dennis said that a filing system, such as his firm employs, is a valuable adjunct and does not occupy too much time, as merchants of the old school sometimes allege.

He was followed by J. D. Simpson, of the Simpson & Hack Fruit Company, who also bore testimony to the value of modern methods. He said that it is possible for a business house to show a clean sheet at the end of each year, but he feared that the sheet would be a small one, meaning that while immediate cash was a very fine thing, small dealers who want terms must not be neglected. Allowing that 99 per cent. of all dealers are honest, the firm, in justice to itself, must throw about its business many safeguards. A salesman's recommendation that "John Smith is all right" has a certain weight, but if he can supplement this information with a declaration that John Smith is a conservative man and an experienced dealer, that will count for far more.

Mr. Simpson commended the action of the Produce Exchange in passing a set of resolutions anent careless or dishonest debtors. Three complaints that a certain dealer has failed to meet his bills promptly on the 10th of the month will class him on the Exchange Board as "slow." Two months' arrearages give him the rating of "undesirable," while three months' arrearages put him in a class fatally blacklisted as a "cash only" customer. Although these resolutions do not go into effect until May 1st, Mr. Simpson reported that the effect upon the retail trade has been electrical. One of the banqueters jocosely observed that business men who are not wholesale fruiterers are suffering on account of this rule.

Mr. Simpson favorably mentioned the use of "stickers" on statements sent to customers who have through carelessness and not downright intention, passed a payment. The sticker serves to remind them in a gentle way that they have overstepped the bounds of business propriety. Mr. Simpson, talking along the line of the credit men's special province, said that a credit man's duty is not done when he simply avoids getting "stuck." He must look after the good credits as zealously as he guards against doubtful ones.

Mr. P. S. Thompson, of F. W. Braun & Company, described the system followed by that corporation. He made the telling point that, when the credit man or the proprietor is absent, the work of ascertaining the stand-

ing of any particular customer should devolve upon a trusted clerk, say the bookkeeper. In this way, delays in reply, which are annoying to the customer, can be obviated. This system (filing, etc), excels the old-style methods. Mr. Thompson also said that the abuse of credit often works harm to the wholesale firm. It is better to lop off dead wood and keep accounts balanced, rather than have a debtor who has obtained extension of time avoid the house, fearing to face the probability of being dunned; such a debtor goes over to the competitor and pays cash for the goods he buys.

The following were present at the banquet: Frank Simpson, President; P. S. Thompson, E. C. Bosbyshell, B. H. Dennis, W. F. Bosbyshell, Geo. Arnott, F. H. Hunter, G. P. Bosbyshell, W. C. Kennedy, W. A. Phelps, C. F. Longley, H. W. Eichelberg, L. Kimble, A. B. Cass, J. D. Simpson, W. N. Hamaker, N. Mathews, Willis Booth, W. C. Mushet, Secretary; R. D. Joyce, H. Flateau, S. D. Murdock.

Memphis Credit Men's Association.

The Memphis Credit Men's Association held their annual election of officers at the Business Men's Club, Thursday night, May 7th, at which the reports of the retiring officers were submitted, and the work of the past year discussed.

There was a good attendance of the members when President Carruthers called the meeting to order at 8.30, and, after stating its object, he at once entered into his report as presiding officer for the year that had just ended. In this he showed the good work that had been accomplished, and the necessity which brought the organization into existence. His statement was a very flattering one, and was received with many expressions of pleasure by those of the members who had not previously been aware of all that the Association had done for the business men of the community.

J. C. James, Secretary, and E. L. Menager, Treasurer, gave a resume of the work performed by those departments during the year, which showed a good balance to the credit of the Association.

The Nominating Committee, of which C. B. Frazer was Chairman, then submitted the following selections for officers for the ensuing year:

For President, S. L. Lee; for Vice-President, Charles W. Thompson; for Treasurer, E. L. Menager; for members of the Executive Committee, S. L. Lee, A. B. Carruthers, W. I. Moody, C. B. Frazer, I. H. Treadwell, R. L. Crofton and George C. Mason.

The candidates suggested by the Nominating Committee were then unanimously elected by the Association, it being understood that the Secretary should be chosen by the Executive Board.

The National Convention of the Credit Men of the United States will be held in St. Louis the first week in June, and the meeting discussed this at some length, it being generally understood that four or five delegates would be sent from Memphis.

The Secretary reported that the information bureau was in a healthy condition, and that it had accomplished much good in protecting the members from dishonest customers during the time it had been in existence.

After a vote of thanks had been tendered the President and other retiring officers the meeting adjourned.

The Milwaukee Credit Men's Association.

The monthly dinner and meeting of this Association took place on the evening of May 14th, 1903, at the St. Charles Hotel. The guests included Congressman Theabold Otjen, Assistant Secretary Francis

J. Stockwell, of the National Association, and Mr. Dorchester Mapes, of the Simmons Mfg. Co., Chicago.

President Battin presided and introduced Mr. Stockwell as the first speaker. Mr. Stockwell's address dealt with the credit system as employed in different sections of the country, and during the course of his remarks he presented many strong arguments showing the advisability of co-operation on the part of the credit men.

Mr. Mapes delivered a very interesting address on Credit Insurance, following about the same line of arguments as in his famous Chicago speech.

Congressman Otjen entertained the Association with a description of the methods of procedure in Congress in handling legislation.

Just before the close of the session Congressman Otjen asked that a vote be taken on the benefits or disadvantages of the bankruptcy law, with the result that there was a unanimous vote in favor of the law as it now stands.

The following delegates and alternates were elected to attend the National Convention at St. Louis:

Delegates.

W. N. Fitzgerald.....	Bradley & Metcalf Co.
A. W. Rich.....	The Rich Shoe Co.
Chas. J. Lund, Secretary.....	Wells Building
A. C. Hahn.....	Phoenix Chair Co.
W. B. Strong.....	Jerman, Pflueger & Kuehmstead Co.
A. P. Wettstein.....	Middleton Mfg. Co.

Alternates.

Jacob Mahler.....	Mahler Bros.
R. D. Barney.....	O'Neil Paint and Oil Co.
E. C. Mason.....	Phoenix Knitting Works
Wm. I. Lane.....	B. J. Johnson Soap Co.
A. Christiansen.....	Pfister & Vogel Leather Co.
H. Theo. Hansen.....	Am. Credit Indemnity Co.

Omaha Association of Credit Men.

A meeting of this Association was held at noon in the rooms of the Commercial Club on Thursday, May 21st, with twenty-five members present. The meeting was addressed by Mr. Wulpi, of the Omaha Casket Co.

It was decided to hold regular monthly meetings in the summer on the third Thursday evening of each month, and a program of topics for discussion will be arranged for the meeting on June 18th.

The following were elected delegates to represent the Association at the St. Louis Convention:

Messrs. E. M. Andreesen,	D. M. Woodard,
Chas. Russell,	C. N. Robinson,
F. B. Hochstetler.	

The Philadelphia Credit Men's Association.

The regular quarterly meeting of this Association was held on the evening of April 29, 140 members and guests being present. The meeting was preceded by a supper at the conclusion of which President Clayton F. Shoemaker called the assemblage to order and delivered an address as follows:

Gentlemen of the Philadelphia Credit Men's Association.

We have with us to-night as guests a number of credit men belonging to houses who are not already members of our Association. I am sure that I voice the sentiments of our entire organization in extending to them a cordial and hearty welcome. As these gentlemen are presumably somewhat unfamiliar with our work, it has been thought desirable that I should make a few brief remarks in explanation of our purposes, our methods and the reasons for our existence.

About eight years ago, a handful of credit men met in New York to consider the possibility of some sort of co-operation in the work in which they were all engaged. The idea proved to be a fruitful one, and the National Association of Credit Men was duly organized in the City of Toledo in June, 1896. This National Association devotes its attention entirely to national work and the carrying out of plans which either from their character or their surroundings have grown beyond the scope of the local associations. The national organization has its own separate force of officials and derives its support from a per capita tax which is paid annually by the local organizations on their membership as an entirety and likewise from the annual dues of its own individual members. This means that those most interested in credit matters are not only members of their local organization, but likewise contributing members of the National Organization. In view of the fact that the National Organization is constantly hampered in its work from lack of the necessary funds, attention is particularly called to these conditions and the importance of becoming members of the National Association is earnestly urged upon all those with whom we are brought in contact.

The Philadelphia Credit Men's Association is a local branch of this chain which is represented by this gathering to-night. It is one of thirty-four similar organizations and this number is constantly being added to. As in all bodies of this kind, the actual work is done entirely by committees under the guidance and leadership of the Board of Directors. Our meeting to-night is one of the three general meetings usually held each year, the purpose of which is especially to bring the members into closer personal contact with each other. At these meetings there are also brought up reports of committees, discussions as to the general line of policy to be pursued in some particular case and also as a rule an address from some speaker outside our own body who is selected with a view of interesting and instructing our membership on some particular point on which they have previously probably not had specific and accurate information. It can readily be understood that the character of the work done by an organization of this kind depends very largely upon the capacity and fidelity of its Board of Directors and right here I wish to say that I have had a large experience with the work of mercantile organizations and that I have been particularly impressed with the work done by your board. Leaving out of consideration of course any work which I have been able to do myself in this connection, I wish to say that I have never known a better Board of Directors in any mercantile organization and I am glad that I am able to offer my testimony to this effect, in this manner, at this time.

The question most frequently propounded to us is: "What have you done?" and in reply I would say, that, of course, the larger part of the work which is done by both National and Local Associations does not appear on the surface, but as a part of the record of what actually has been accomplished, there are three results to which as the politicians say, I think, we may point with pride. The first is the enactment in ten different States of laws to prevent the sale of stocks in bulk without proper

protection to creditors. I regret to say that this has not been brought about in the State of Pennsylvania, but it has not been from lack of effort, but rather as a result of political conditions which we could not control. Second, the amendment of the Bankruptcy Bill, accomplished during the recent session of Congress which there is no doubt was chiefly due to the work performed by the National Association. It seems to me that the relief afforded the average credit man by the reconstruction of Clause 57-G ought to warrant each and every credit man in this great land of ours in becoming a member, both of the National and Local Associations and in paying his dues as long as he lives. Third, the collection of a fund of \$10,000.00 with which to prosecute gross cases of fraudulent failures. It must be borne in mind that laws are intended not only to punish the offender, but likewise to deter the would-be offender. Commercial life is a constant conflict between honesty and dishonesty, between the man who makes the burglar-proof safe and the burglar who tries to get into the burglar-proof safe. I regard the very fact of having raised this \$10,000.00 prosecution fund as a most important event, as a deterrent against fraudulent failures without regard to the special cases in which it will no doubt be judiciously and properly used. These are a few of the things which we have done.

Now we are frequently asked: "What are you trying to do?" It would be absolutely impossible in the short time which I propose to take for me to go over the entire field which lies before us with any degree of detail, and those who are really interested in this matter I respectfully refer to the various lines of printed matter which are furnished on application, either by our local Secretary or by the National Secretary. I will, however, briefly state a few of these objects which lie directly in our path and which may be summed up as follows: One of the most important objects which we have both in our capacity as an Association and likewise as members of these Associations, is the proper education of the mercantile community in regard to financial affairs. The average merchant may be divided up into three classes, first, the man who has honesty, energy, capacity and good judgment and who is bound to be a success no matter what obstacles confront him. This is a very small class. The second comprises the men who take things comfortably, pay their bills if they have the money to do so, have an idea in a general way that the world owes them a living, and they are going to have it somehow and who quite often come to grief. This is a very large class. Third, we have the men who are inherently dishonest on a small scale without being detected and who are dishonest on a large scale if the opportunity offers. This fortunately is a small class, also. Now the first class of merchants do not need much attention from us. They will get along anyhow, and if we give them hints from time to time, that is about all we can do for them. The second class really needs our attention. It seems to me a positive duty on the part of every credit man to instruct his customer when opportunity offers as to what is proper and what is improper in credit matters. Above all, I would write clearly on the mind of every young man commencing business the central thought that so long as he is in debt, money which he takes in over his counter does not belong to him, but is taken in by him in trust for the benefit of his creditors. Lastly, the third or final class may be shorn of much of their power for harm by prompt and united action on the part of credit men working together for their mutual benefit. Another point in regard to which good work has already been done is in the effort to obtain improved service from mercantile agencies. There is no subject with which I am familiar on which the mercantile world has changed front more completely in the last forty years than in regard to the mercan-

tile agency. At the commencement of my business career, I can well recollect that there was a great repugnance on the part of a large majority of merchants to giving detailed information regarding their financial affairs to these mercantile agencies. Large houses, especially, with ample means and of high standing were especially prone to wave them aside and resent inquiries for specific information. All this has been radically changed. The up-to-date business man of to-day realizes that the mercantile agency has come to stay and that it is a business necessity, and cheerfully gives to these agencies not only information regarding his own business affairs, but likewise information regarding his customers. In return for this the National Association of Credit Men has distinctly and clearly informed these agencies that their service must be improved, that the time for slipshod, insufficient, antiquated and "somebody said" kind of information has passed. What the credit man of to-day wants is facts, not fancies. He wants facts and he wants them up-to-date. It is my decided opinion that the agencies realize this and that they are putting forth their best efforts to improve in this direction. In this connection I may also call your attention to the form of record issued by the National Association and furnished by the local associations, a form which is intended to record all applications to commercial agencies for reports, giving the time the inquiry is sent, the time the report is received and the date of the report. These books when finished are intended to be turned in to the National Association and the results are compiled and tabulated and furnish the basis of actual facts to work with when discussing the matter with the agency managers. The general use of these reports is earnestly urged.

The central thought in all this work, both national and local, is that of co-operation. It is simply an actual and vivid personification of the old adage that in union there is strength. In addition to this, it is distinctly in trend with the business tendency of the day. Centralization is the pivotal point of civilization. About this the civil, social, political, religious world revolves. In the ancient days of savagery, the primeval man understood that his safety depended upon his own right arm. Every other creature was against him and he was against every other creature. This state of affairs is diametrically opposite to that which we have to-day and it pleases me especially because I consider that not only is the present method more profitable from a business standpoint, but likewise it is far better from a religious standpoint. I like to think that the world is gradually growing better and I believe that it is. There is now no question in the business world generally that the community of interest plan is the best business policy to be pursued; that is generally conceded. The only question which is raised now is how far such movements may be carried without absolute harm to the community.

There is likewise another point to which I especially wish to call your attention and that is the moral obligation on the part of every business man to accord a certain degree of support to the worthy organizations in his community. Leaving outside the question of his personal interest, it should be with each and every man a matter of civic pride to help them along. As most of you know, we have been recently sending out to the merchants of this city a series of circulars soliciting new members. We received a few days ago an application from one who received these circulars in which he stated that he desired to join our Association, not because he felt that individually he needed this membership, because being a manufacturer his customers were large and financially sound, but he wanted to join our Association, because he believed it to be a good thing. When we received that letter, I said to myself, "this man has

struck the keynote of the situation." Would that we could induce every merchant in Philadelphia to realize as he realized that the Philadelphia Credit Men's Association is a valuable organization and deserves a larger membership.

The money which is spent in paying dues to mercantile organizations is the best investment which any merchant makes. Personally I was much pleased to see in the papers this morning the announcement of a decision which had just been handed down by the Court of Appeals of the State of New York in a case in which the National Association of Wholesale Druggists is deeply and vitally interested which decision was rendered in their favor. This probably marks the end of a succession of tedious and costly litigation which has extended over a period of eight or ten years. The subject of this decision is of course but distantly connected with our especial work and I only mention it as an evidence of the value and importance of association work generally. This decision confirms the judgments rendered in the lower courts that the restraint of competition under certain conditions is not necessarily an illegal form of restraint of trade; in other words, it establishes the fact that unbridled competition is not always desirable, that its restraint may be judicious and that under certain conditions it is lawful to exercise that restraint. I am especially pleased with the decision because I feel that the work which has been done and the money which has been spent in the work of the National Wholesale Druggists' Association has not been for ourselves alone, but will in future as it has in the past inure to the benefit of others. A short time ago the firm of R. H. Macy & Co. brought suit against the American Publishers' Association to test the legality of their action in refusing to sell them books. The learned judge decided in favor of the American Publishers' Association and in rendering his decision made the remarkable statement that while he believed that the plaintiff (Macy) was entitled to the relief asked for, he felt compelled to bow to the opinion previously rendered by other judges in the N. W. D. A. cases, that these by their number and priority really constituted a rule of law for the New York courts.

Personally I wish to express on this occasion as I have in the past, my extreme appreciation of the benefits which I have received as a business man, as a merchant, and as a credit man, from my participation in the work of this and other mercantile organizations with which I have been connected. I thoroughly believe in them all, every one of them. I rejoice that the work done thus far by the officers of this and other organizations, while in many cases arduous and burdensome, has always been done gladly, cheerfully, without any feeling of personal aggrandizement and with the central view: "Throw thy bread upon the waters and it shall return after many days."

Mr. John Field, a former President of the National Association of Credit Men, was called upon and delivered a speech brimful of delightful anecdotes.

The formal speaker of the evening, Hon. James W. Osborne, former Assistant District-Attorney of New York County, was then introduced, and described several cases which he had personally conducted where efforts were made to punish parties guilty of fraudulent failures. Mr. Osborne strongly contended that signed statements should be secured from customers. He made a suggestion that a national institution should be organized with a capital of at least \$500,000, the income of which should be devoted to investigating and prosecuting every case of fraudulent failure that developed.

Pittsburg Credit Men's Association.

The annual meeting of the Pittsburg Association of Credit Men, held on the evening of Wednesday, May 6th, 1903, was a well-attended and most enthusiastic affair. President W. A. Given, in his annual report, dwelt upon the work accomplished during the year, referring particularly to the efforts made in behalf of the passage of the bulk law bill by the Pennsylvania Legislature. While the bill was not passed, the legislative experience gained was considered valuable for future work. Mr. Given also referred to the change of the monthly meetings from the noon hour to evenings, resulting in increased attendance. He also recommended that the Association at once take steps toward securing a charter. His address was a splendid one, and well received, and a most hearty vote of thanks returned to him for his earnest labors in behalf of the Association. The reports of the Treasurer and Secretary also were regarded as gratifying.

Mr. Given was unanimously re-elected President. Other officers elected were as follows:

First Vice-President—A. R. Darragh.

Second Vice-President—Jos. A. Langfitt.

Third Vice-President—W. W. Bell.

Treasurer—W. H. Cochrane.

Executive Committee: J. O. Fitzsimmons, F. E. Freese, H. P. Howell, G. B. Hill, C. D. Wettach, D. C. Shaw.

The following delegates and alternates were elected to represent the Association at the National Convention in St. Louis in June:

Frank Gill, A. R. Darragh, H. P. Howell, F. E. Freese, H. J. Herron, E. A. Grant, R. C. McAteer and H. P. Donner.

Alternates.—C. F. Stolzenbach, J. O. Fitzsimmons, M. H. Connolly, C. O. Smith, E. S. Gard, G. W. Ryan.

A Committee consisting of the President, Vice-Presidents and Treasurer was appointed to secure a charter for the Association.

At the recent meeting of delegates chosen to represent the Pittsburg Association at St. Louis, the following signified their intention of being present:

A. R. Darragh, J. O. Fitzsimmons, H. P. Donner, F. E. Freese, E. A. Grant, M. H. Connolly, as well as President W. A. Given and G. B. Hill.

The St. Louis Credit Men's Association.

The annual meeting of this Association was held at the Mercantile Club, Thursday, May 14, 1903, at 8 P. M., for the purpose of electing officers and for the transaction of general business.

The Nominating Committee presented the following names for the positions to be filled:

For President—H. V. Kent, of the Kent & Purdy Paint Co.;

For Vice-President—C. C. Child, of the Corticelli Silk Co.;

For Treasurer—H. W. Kroeger, of the Meyer-Schmid Grocer Co.

For members of the Executive Committee:

J. A. Lewis, of National Bank of Commerce, 2 years;

N. W. McLeod, of Grayson-McLeod Lumber Co., 2 years;

I. B. Jacobs, of Jacobs Hat & Glove Co., 2 years;

W. L. Clarke, of Norvell-Shapleigh Hardware Co., 2 years;

W. H. Brizendine, of Mayfield Woolen Mills Clothing Co., 1 year term;

L. D. Vogel, of Charter Oak Stove & Range Co., 2 years; all of whom were unanimously elected.

THE ANNUAL REPORT OF SECRETARY A. H. FOOTE WAS AS FOLLOWS:

Some thoughtless persons, forgetting the *opportunities* that come to the Secretary of an organization like ours, said to me: "Foote, I would not want your job for ten times the salary." Why, just *this week* I received a red booklet entitled,

"MONEY ON CREDIT"

and on the title page I read,

"*YOU* can get money when you want it."

"Worry is the most prevalent affliction in America."

"Read this booklet and be saved from it."

Then, too, every once in a while my name gets in the paper because of my official position, and last, but not least, I have a chance as on this occasion to air my views in an annual report.

It may be a hard job (especially when a speaker is wanted for the next meeting, or when there is money to raise for a Convention, and you can't find committeemen who are *trained* money-raisers), but I tell you it's *lots* of fun, and now my annual opportunity is here again.

We are just approaching the eighth year of our being, and it is the pleasure of your Secretary to report that the Association is in a prosperous condition.

The success thus far attained can best be judged by the fact that its membership is larger than at any previous time, and applications for membership without solicitation are not infrequent.

That this condition exists is due largely to the loyalty of our members, of whom a reasonable percentage are regular attendants.

Among those who seldom meet with us may be found some of our staunchest supporters—men who stand by us under all conditions and assist us in carrying out one purpose or another from their own desks.

Nor should we overlook the self-sacrifice on the part of the handful of men who do most of the real solid hard work. We have a half dozen active committees, and for the most part the men who are appointed on them serve, and serve faithfully.

To the few who may, from pressure in other fields, be unable to do all they would like to do, I will say that the faithful ones are among the very busiest men in our ranks, and some of them have served from the beginning of the organization in one way or another.

Where are there any busier men than the ones who report the year's work of their committees to-night? Not only are they entitled to the gratitude of the members of this Association, but of the entire business community, and they should be given the moral backing and financial support of those houses who are not on our roster. Every member may be useful in bringing this about. The objects of our Association are understood in a general way, but it requires attendance at some meeting or a personal explanation to bring home to a disinterested person the full meaning of our work. Every man has a certain amount of wisdom, but no one is so gifted that he cannot add to his store by friction with other minds. Let us, therefore, take advantage of the opportunity and preserve the relationship which exists between us, and to do all in our power to extend the privilege to others who may be readily induced to work with us.

The Association enters its new year under favorable conditions, and I will proceed to speak of a few points briefly, leaving other matters for the Chairmen of the various Committees:

Our membership to-day is.....	405
My last annual report showed we had then	268
A net increase in twelve months' of.....	137 or about 51 per cent.
During the year preceding we gained.....	54 members
	83

So the splendid success of the past year is apparent—this being 83 more than was gained the year before, and a very much larger gain than in any year since we organized; and the resignations have been few, as follows:

Majestic Range Co.,
Baer-Oliver Singer Clo. Co. (retiring),
G. H. Oliver W. P. Co. (retiring),
Belleville Stove Works,
Monarch Rubber Co.,
F. W. Hanpeter,
National Mercantile Agency (failed),
Yawman & Erbe Mfg. Co.,
Armstrong Cork Co.,
A. Neuville,
E. J. Duggin,
Rumsey & Sikemeier,
J. F. Ewing Salt Co.,
F. H. Logeman Chair Co.,
J. A. Monks & Son Dist. Co. (failed).

2 retiring from business

2 failed

11 resigned

15 total number of resignations.

Of the 15, not over four ever were represented at our meetings, and probably have no conception of our purposes.

Your Executive Committee authorized the engagement of some competent gentlemen to interest our merchants, and in August, 1902, we made an arrangement with Mr. F. J. Stockwell to go among our merchants and manufacturers to tell them of the work. In this he was assisted by commendatory letters from various members to their friends. As a result of this we have the fine results just stated. He interviewed a goodly number who promised to consider the matter; hence the way is open to each of you who may by a word secure a member.

The records would indicate that the sale of blanks endorsed by the National Association of Credit Men has increased largely the past year, and in addition to wants supplied from this office I am prepared to state that the quantity ordered from the National Association direct, and not recorded on our books here, are more than double what they were the previous year. During the year a new form of trade inquiry blank has been prepared, and is now on sale at \$4.00 per M., or \$2.50 for 500. It is very simple, and judging by the demand it will prove to be the most popular of the three trade inquiry forms adopted.

In addition to blanks to bring more uniformity and simplicity into business methods we have distributed several thousand pamphlets of interest to the trade and calculated to educate and uplift.

Recently we have been called upon to emphasize the importance of carrying fire insurance, and at the request of members are mailing constantly to retailers known to be uninsured the series of short articles bearing on this subject, entitled "Fire Insurance an Essential to Credit." These are in a convenient pamphlet of forty pages. A polite letter is written each time to announce that such booklet has been sent with the compliments of the Association, and no intimation is given that he is known to be uninsured.

Some pleasant correspondence has resulted, and it is fair to assume

that the seed sown has fallen on good ground in some instances. One party requested information relative to certain town mutual companies; and another requested that their house be proposed for membership in the National Association of Credit Men.

Meetings have been held about every thirty days, except during the summer of 1902, and the attendance has averaged about 60 members and guests. This is about the same as in the previous year, and in view of the increased membership should have been more; but as fewer guests have been invited by the Association this year it indicates a slight increase in attendance by members. In order that interest may increase your officers desire suggestions from members—don't leave this for the other fellow—take the thought home to yourself, and—then write the suggestion, not only how to increase attendance, but how to increase the Secretary's work, for that means increased usefulness of the Association to every house in St. Louis. A valuable suggestion was made last week by Mr. L. D. Vogel relative to editorial matter for trade papers.

Mr. E. E. Scharff, who suggested the "Insurance Pamphlet" idea, likewise did every member a good turn.

Gentlemen, I want to emphasize what I firmly believe, viz., that the National Association of Credit Men, although in its infancy, is to-day one of the most potent factors for good to be found. It is protecting the interests of your houses in ways some of us who cannot keep up with its every detail hardly realize.

The interests of the National Association and its various branches are inseparable. It helps us and we help it. The new ideas, advanced thought and enthusiasm, which emanate from the constant friction of minds, are necessary to the maintenance of a central power, and it will hardly be disputed that such a force is a strong factor of success in business. Give us, then, the benefit of your thoughts—suggestions are indispensable to our success.

What has been done by the Association is important, while that still to be done is vastly more important.

The possibilities are great—the field is broadening—and earnest work and concerted action will avail much. The need of an active body is shown when the Senate of Texas adopts, as it did April 30th, a resolution instructing its representatives in Congress to use their best endeavors to repeal the bankruptcy law. During the past year this Association has assisted the national body in its efforts to improve the bankruptcy law and in securing the passage of other desirable legislative acts.

Our own State Legislature was not of a caliber to appreciate what is good for the largest number, but were keenly alert to their own personal needs; hence we met defeat at home, but in six other States laws regulating sales of merchandise in bulk so as to afford protection to creditors were passed, viz., California, Idaho, Colorado, Oklahoma, Indiana and Delaware—making sixteen States in all which now have such laws as a result of the credit men's efforts.

Our St. Louis Association has likewise assisted the retail merchants of Missouri in securing a garnishment law, and the Business Men's League in its fight for better insurance laws.

On November 20th a banquet was given to the members of the Missouri Legislature with a view of educating them to the necessity of correcting the situation which then held, and about sixty Senators and Representatives were present. Competent speakers laid bare the facts, and no doubt much good was accomplished.

At our regular meetings a number of bright, intelligent young men have addressed the members on subjects of interest and of practical value in every-day business life. The thanks of the Association are due to those

speakers and others taking an active part, not forgetting the committeemen, who, as a rule, have been zealous and shown commendable interest.

The policy of the Association is practically shaped by the deliberations of these men—hence the importance of every member who serves on a committee giving his prompt attention and faithful attendance. A few have shirked, I regret to say—one of the worst features of which is that the others on the committee suffer loss of their time in case no quorum is present on the hour.

The Association has an established reputation for sincerity of purpose, for sound judgment and for doing things.

Only recently the speaker was told by a prominent Fourth street merchant, "The Credit Men's Association is one of the few public bodies I have known that does something; you are doing good work and I appreciate it."

No member should accept a place on a committee unless he intends to serve if in the city and in health.

I say this at the risk of scaring off a few who might be induced to serve, for workers are not as plentiful as they should be, in view of the valuable work the Association is doing; yet I feel that in justice to those who unselfishly give up a little of their time to accomplish good for the whole community, that I should be frank. I will go farther and say that I think that more members should *volunteer* for some slight service. The two-score who do serve do it as a labor of love and without price.

Having passed the formative or experimental stage the Association should be taken more seriously than ever, and the opportunity for usefulness grasped firmly by every member.

Each of us is able to suggest to this or that committee some defect in the service of collection and reporting bureaus—to call attention to some difficulty encountered in one direction or another—whether it be in the courts or in dealing with some unscrupulous debtor.

One of our members has consented to write an article bearing on the danger of carbon copies in case of a law suit, and the article will possibly be put in pamphlet form for distribution to members. His experience in court made known may save others serious loss.

You all have experiences in time which, properly discussed, would yield good to others.

During the year the question of "clearing country checks" has been considered, and, while it is not possible to predict the outcome of the movement this Association has inaugurated, I may say that we have at the helm an earnest man who has made the subject a study—I may call him a "crank" and in using the term I do so as a decided compliment. It takes a crank to do things. To your secretary the situation seems very hopeful, and his belief is that there is a great deal more in the movement than the possible saving annually of a million dollars more or less to our merchants. It means much more than this to St. Louis as a great commercial center.

We are not going at this with the idea that the New England-Boston situation is identical with ours—Mr. Hallock, who is well informed has learned much since coming here that was new to him, and it is because of this and his earnest desire to make no failure that he has persisted in his study of the problem.

The movement is still very much alive, although little has been said publicly about it. A pamphlet is now in press which in a short time will be placed in the hands of every member and presented to the Clearing House Committee for consideration and action. Mr. Chas. L. Dean, Chairman of the Committee on Country Checks, will state more of the movement later in the evening.

At the last convention in Louisville, June, 1902, our delegation insisted the Eighth Annual Convention to meet in St. Louis June, 1903, and

arrangements are now progressing favorably for the reception and entertainment of the delegates and visitors who will be present.

Let us give them a hearty welcome of the old St. Louis type, but show them also the spirit of a progressive new St. Louis. Let us make every individual who attends, man or woman, feel that what we do is for him—that we are sincerely glad of the opportunity. The pleasure is ours—let us make them feel it.

We want a committee of ladies to greet and look after the welfare of the visiting ladies. We want every good soul that comes to say, "Well, St. Louis is a warm place—hearts, hands and all."

We want some of those sterling young business men to say, "St. Louis is a place I should like to live in."

It is not so much *what* we do as *how* we do it.

I have purposely avoided some minor details and figures which might be brought in, because I desired to lay stress on the work of the Association in the future, and impress you with the importance of your co-operation in order to make that work a big dividend earner.

Gentlemen, if we will put our shoulder to the wheel in earnest when our duties to others will permit, we will make this Association a source of profit and pride to the community.

Thanking each of you for courteous treatment and assistance I will close.

A. H. FOOTE,
Secretary.

BUSINESS TOPICS.

What a Business Man Ought to Be.

ADDRESS BY BISHOP JOHN H. VINCENT,
OF THE METHODIST EPISCOPAL
CHURCH, CINCINNATI, OHIO, BEFORE
THE COLUMBUS CREDIT MEN'S ASSO-
CIATION AT THE CHITTENDEN HOTEL,
COLUMBUS, OHIO, MARCH 23, 1903.

When your President invited me to speak to you this evening he was kind enough to suggest that I might say what I had to say very informally, and give you only "a little talk," instead of a speech. But I was somewhat dismayed when he suggested that I should talk to you about "What a Business Man Ought to Be." Of course, for me to undertake to discuss such a subject from a purely business standpoint would be an impertinence. It would be "carrying coals to Newcastle" with a vengeance. For you could all probably give me pointers on such a point of which I never dreamed. But looking at the subject, not so much from the business standpoint as from the moral standpoint, not so much in the light of mere business success as in that of business character, not so much with regard to what a business man can make as to what he ought to be, then, perhaps, a minister of the Gospel can talk about that with some propriety.

And the first thought which occurs to me is the value of what I may call *Self-Respect in Business*. I once heard a clergyman ask Mr. Moody how to get people to believe the Gospel; and his answer was, "First believe it yourself." So if a business man wants other people's respect, he must first respect himself. In other words, it is not enough that he should be honest simply because "it's the best policy," and because he wants to keep out of the Sheriff's hands, but because he is too honorable a man, because he has too much respect for himself—for his own manhood—to stoop to what is even dishonorable and mean, to say nothing of what is dishonest. Perhaps a man doesn't realize at first how important a factor such self-respect is in mere business success. But the fact is, that a man's credit in the business community does not depend entirely on the size of his bank account. As some one has well said: "Most men think they can figure up all their assets in dollars and cents, but a merchant may owe a hundred thousand dollars and be solvent. A man's got to lose more than money to be broke. When a fellow's got a straight backbone and a clear eye his creditors don't have to lie awake nights worrying over his liabilities."

But, then, there's another side to the matter. If a man wants other people's

respect, he's got not only to respect himself, but he's got to respect other men, too. When I hear a man say that he's lost all faith in the virtue of women, I not only wonder what sort of a mother and sister and wife he has had, but I know instantly what sort of a man he is himself; and I wouldn't touch him afterwards, in any relation in life, with a ten-foot pole. And so, if you ever hear a man say that he no longer has any faith in men's business virtue and see him act as if every other man was a scoundrel until he is proved innocent—I say, don't you ever trust that man again in business matters. He stands instantly self-condemned. For if a man can't believe in other men, it's because he can't believe in himself. But when he knows that he not only can be, but is, an honest and honorable man himself, and demands that others shall believe that of him, then he will be just as ready to believe as much about other men, too, until he is compelled to believe the contrary. Undoubtedly, there are scoundrels and dead beats in the business world, just as there are in the ministry, and in every other relation in life; and because "credit" is so indispensable in the modern business world, such an association as yours for self-protection is a clear necessity. But what I want to beg of you is not to make exceptions the rule, and not to let any number of scallawags destroy your faith in the honor and trustworthiness of men as a whole. Out of sheer self-respect you are bound to believe and insist on this.

The next thought I would suggest is the value of what may be called *Natural Justice in Business*. You know that old American saying, that the Ten Commandments are no good west of the Mississippi River; and if a man wants to be in God's country he's got to go back east. I fear some men feel very much the same about religion and morals in business; and that, while the Ten Commandments are all well enough in private and social life, you ought not to judge a man too rigorously by them in the little daily transactions behind the business counter and the office desk. But, now, what I want you to see and feel is that it is just here, in a man's business dealings, that those same Commandments are meant to hold good as much as, or even more than, anywhere else. For remember that that whole moral law rests, not only on what God actually is in Himself, but also on what we are ourselves—we men, and so on what we owe to each other. In other words, underlying at least all the second half of those Commandments, there is a spirit or principle of natural justice as old as human experience and as strong as any other deep instinct of human nature. For example, notice how that sixth

Commandment against murder is meant to protect men in the very first of all natural rights, and that is the right of life. The seventh, against adultery, protects our next most sacred right, and that is the purity of the family relation. The next, against stealing, protects our property rights. And the next, against false witness, protects our right of reputation, and that is a business man's most valuable asset. So that, even if a man be not a distinctly religious man or a church member, still there ought to be in every man's breast at least this strong instinct of natural justice, which should keep him from working any ill to his neighbor.

Next, consider the claims of *Patriotism in Business*. What do I mean? Why, I mean this. You know that other old saw: "Like people, like priest." In other words, such as the people are, such the priest is likely to be; and *vice versa*. And in the same way, such as the citizens are in any community such their representatives are most likely to be—I mean, the men who hold office, and so have the destinies of the country so largely in their hands. I know how you will resent this idea at first. You see how corrupt politics have come to be, and how venal our politicians and statesmen often are. But you console yourselves with the idea that this is no concern of yours; you are too busy making money. But, gentlemen, you and I cannot so easily rid ourselves of responsibility for this state of things—not so long as there is not moral indignation enough among us to rise up in our might and see that only trustworthy men go into office—not so long as business men are guilty of the same dishonorable spirit in business that they accuse other men of in the affairs of State. In other words, the stream can never rise higher than its source. More and more to-day the brains of the country are to be found in great business organizations, and our Legislators and Congressmen, instead of being professional men, are recruited from the business ranks. And, therefore, so long as there are men in business offices who are willing to sell their honor for a dollar, just so long there will be men in political office who will sell their country's best interests for a hundred or a thousand dollars. And that is only one step short of the world's greatest crime, when a man once sold his own soul and then his God for thirty pieces of silver. Let us keep our ideals pure, then, as President Roosevelt reminds us, those high and noble ideas of our forefathers, if we want our country to prosper; and remember that as patriots we have no more right to ignore or despise such ideals in business practice than we have in "practical politics." It was only when Rome had for her consuls such men as Brutus, who did not hesitate to

condemn his own son to death for violation of the law that Rome was strong and prospered. It was when she cared for nothing but money and luxury, and no longer for principle, that she fell. So that we cannot get rid of our responsibility as patriots even in business.

The last thought is the value of *Good Manners in Business*. I believe in making money—righteously; and I believe in spending it—conscientiously and nobly. But only think what the dangers are in making it. Think how the spirit of selfishness it engenders can utterly pervert a man's whole nature and disposition. Think how many a man, who is the kindest father and the best neighbor, finds himself in business shriveled up into a narrow and hard man and degenerated also into a mean and unmannerly man. But why, just because a man is a busy and anxious man, should he think himself justified in being a ruffian and brute towards his employees or towards other business men? I have known men, and so have you, men otherwise highly respected for their ability and character, who have utterly ruined themselves in business by their roughness and profanity. You wouldn't stand such things for a minute from your own employees or from other business men. Why should you expect them to stand it from you? To say nothing again of your self-respect, never forget what a good investment there is, even in business, in "that grand old name of gentleman."

Forgive the rambling character of this talk; and let me thank you again for the privilege of meeting you and speaking to you at all.

Interchange of Credit Experiences.

ADDRESS DELIVERED BY MR. W. A. WHEELER, PRESIDENT OF THE CREDIT CLEARING HOUSE, BEFORE THE PITTSBURGH CREDIT MEN'S ASSOCIATION.

If the attention which is being given to the subject of Interchange of Credit Experiences foreshadows anything it would point to the belief that this is one of the subjects uppermost in the minds of progressive credit men.

Journals devoted to credit interests gladly open their columns to a discussion of the best methods for conducting such an interchange, and local associations are ever ready to encourage the movement.

As an official of a corporation organized to provide an unreserved interchange of credit facts between trades and between commercial centers, I find it somewhat difficult to bring out the points which I particularly desire to offer for your consideration without using the Credit Clearing House for illus-

trative purposes, yet I know you will acquit me of any improper motive and try to consider that such reference as I may be compelled to make to this organization shall be purely impersonal and without other thought than to discuss the topic in the most intelligent and comprehensive manner.

The practice of interchanging credit experiences is probably as old as the commercial fabric; application to individual references has always been made with more or less success dependent upon the progressive spirit actuating the giver.

The increasing popularity of trade information has so multiplied the demands as to make this method obsolete, for it will easily be seen if the practice were to become universal no credit department could well cope with the necessary correspondence.

It has remained for the present generation of credit men to so broaden and liberalize the feeling with regard to this branch of credit reporting as to make a uniform interchange system possible; yet few realize what a gradual process it has been, or appreciate the amount of patient perseverance which has watched over and nurtured the growth.

While several trade organizations may have been established in the early eighties having for a part of their plan the interchange of trade information, credit for the first organization along general lines belongs, so far as I have been able to learn, to the city of Detroit, where the organization of the Merchants' & Manufacturers' Exchange provided for an interchange of certain credit facts between its members; but to Kansas City, Mo., belongs the credit for the first general exchange extending beyond its own borders.

In 1886 the Mercantile Exchange was organized in Kansas City, owned and operated by the merchants themselves, and out of this organization grew the Commercial Club, now one of the most prominent factors in the development of the great Southwest, though long since divorced from any bureau of credit information.

In 1887 the Kansas City Exchange was extended to include the jobbers of St. Joseph, Mo. One year later the work was carried on to St. Paul and Minneapolis, and here a wider range of information was for the first time introduced, and the enterprise became a private property instead of a mutual organization.

The early struggles of this infant were against deep-rooted prejudice and long-established precedent. The idea of laying bare to one's competitors the ledger page, or any part of it, seemed preposterous. It became a serious question whether this antipathy could be overcome, but the

roots of the organization were in fertile soil, the merchants of the Northwest were broad-minded, liberal men, and although the life of the interchange movement wavered in the balance for more than three years, it finally gathered strength and practical experience enough to reach out after other markets. In 1893 Chicago became a part of the system.

In 1894, Louisville and St. Louis.
In 1895, Cincinnati, Baltimore and New York.

In 1896, Philadelphia, New Orleans, Memphis and Cleveland.

In 1897, Atlanta and Boston.

In 1898, Milwaukee and your own city, and so on each year links have been added to the chain until to-day twenty-three of the largest and most progressive commercial centers of the country are bound together for the interchange of ledger facts; nor does the work stop with the cities in which organization has been effected, for to-day in more than three hundred cities and towns are to be found manufacturers and wholesalers who are daily contributing their experiences in order that they may in return share in the general fund of information, which is constantly circulating throughout the system.

The method of handling the work of collecting, compiling and distributing the vast number of items received daily has been the outgrowth of experience; there was no skilled help educated for the work; there was no precedent to follow, but out of it all has come a simple and effective system that while not perfect by any means yet permits the handling of several million items of information and the distribution of between two and three million reports annually without friction or unnecessary loss of time.

The evolution of the trade report forms a study of some interest. Originally the information was gathered by means of a sheet of names sent daily to each member, which sheet had sufficient margin on which the member could write such information as he was disposed to contribute. There was no means for indicating the class of goods sold by any house reporting. No highest credit. No record of orders uncharged; the most obtainable from any source was the amount owing and amount past due, with a comment as to the manner of payment, and as it was not compulsory to give the figures, they were more often omitted than otherwise.

Meager as the information was it proved a step in the right direction, and little by little members were induced to give more liberally as they discovered that only good resulted from a frank exchange of ledger facts. The first addition was the question, "How much would you credit the party?" This was

not found to meet the requirements, being only an expression of opinion, and was soon after changed to "the highest credit actually given the party reported upon."

The next step was the adoption of key letters indicating the class of goods sold by the member reporting.

Then the amount of orders held not yet charged.

The concise statement as to how payments were made, if slow, how slow, if discounted, in what period was the discount taken, 10, 30 or 60 days, and for this latter suggestion we are indebted to Mr. W. A. Given, of Pittsburg, Pa. As the items of information were increased, the idea of writing the information on the daily sheet was abandoned; tickets calling for specific answers were supplied all members and filled in by them as customer's names were recognized on the daily sheets.

To bring about these changes required several years, for it has been necessary to gradually wear away the prejudice against a free and unreserved contribution of information.

One of the greatest victories for the trade interchange system came in 1898, and for this victory the Credit Men's Associations deserve no small share of credit.

With increased membership the daily sheets grew to an alarming size, and it was a task of no small magnitude for the credit man to pick out the names of his customers and contribute his information. It became a question whether the system was capable of further development without becoming so burdensome as to make its operation impracticable.

The only solution was to secure from each member a full list of his customers, to indicate the fact of his interest in the general files of the office through which he received his reports and by the subsequent filing of new accounts opened, provide in the offices of the interchange system a practical duplicate of his ledger index. The plan was more than successful; with few exceptions the entire membership agreed to the change, and though four and a quarter million names were handled, and one year consumed in this work, the crisis was safely passed, and to-day no names pass before any member except those in which he has registered himself as interested; even the largest houses seldom receive more than twenty-five requests for information daily, and the average for the entire system is seven requests per member.

Now, when an inquiry is filed at the Pittsburg office within twenty-four hours the local information is gathered and ready for distribution, and within forty-eight hours the name inquired for has been passed before the twenty-three as-

associated offices, and members who may be found interested throughout every part of the system have been notified of the new clearance and invited to contribute their experience in order that they may receive a copy of the newly-compiled report. The work of compilation and distribution is not without interest, and it would repay you for the trouble if you would visit your local office and see how the information is handled.

Illustrations as to the value of the interchange report abound in every credit office using the system. Knowledge acquired permitting the more intelligent handling of an account is of daily occurrence.

Injudicious buyers saved from themselves through the curtailing of shipments of goods ordered in excess of natural wants.

Buyers for fraudulent purposes thwarted through a knowledge of the volume of such purchases.

Merchants overstocked and unable to meet maturing obligations saved from failure by the co-operation of interested creditors.

All this has been accomplished, and as the system of trade interchange becomes more generally accepted, the good will increased in like proportion, bringing much relief to the credit office through the ability to secure an accurate and up-to-date line of facts upon which to base action.

In closing, I wish to lay before you the requisites necessary to a successful interchange of information. First: Community of interest.

A manufacturer of paints and oils will seldom if ever be interested in the information contained in the credit office of a wholesaler of dry goods, nor will the wholesale grocer ever be benefited by the co-operation of a manufacturer of machinery, yet each of these lines has its own individual chain of necessary contributors if results are to be obtained. This makes the organization process slow and tedious for any effort to render service prior to securing a satisfactory number of contributors leads only to dissatisfaction and ultimate loss of co-operation.

A thousand members selling the same class of trade will yield infinitely better results than five thousand whose interests are widely scattered and diversified.

Second: A wide range of markets.

Merchants are so prone to scatter their purchases far and wide as to preclude the possibility of any market being sufficient unto itself, nor are the larger commercial centers alone sufficient even though united.

Labor problems and excessive taxation have driven hundreds of manufacturers into smaller cities and towns. Distribution of staple lines such as groceries,

hardware, etc., can be better accomplished from local points, and thus important sellers of this merchandise are found located at convenient railway junctions from which easy access may be had to a well-populated district.

No complete picture of a merchant's indebtedness can be obtained without the co-operation of these outlying houses nor can excessive purchases be located with any degree of accuracy unless manufacturers and jobbers everywhere are invited to become a part of the general system.

Third: United Trades.

Special trade organizations for single lines are not found to be sufficient. They are better than no interchange at all, but the necessity for united action was forcibly expressed by Mr. Marcus M. Marks, President of the National Association of Clothiers, in his speech at the annual banquet of that association held in New York last month. Speaking of credit co-operation and the work accomplished by the clothiers, he said: "I hope the time is not far off when each trade will have its credit association and a central clearing house will connect all."

Fourth: Prompt service.

Trade interchange is dependent entirely upon its members for ability to compile the report. I have shown by the average number of daily requests that the task if cared for daily cannot be burdensome. If tickets are allowed to accumulate it results in three things—slow service, accumulation of work and greatly increased expense in the conduct of the interchange system. Prompt co-operation permits the speediest service possible to any agency, and will admit of a clearance covering all the markets of the country to be delivered to the inquirer within ten days from the filing of his inquiry, while the information from his local market can always be in his possession within twenty-four hours.

Fifth: Prompt filing of names of new customers, thus permitting interchange offices to keep you posted with regard to new clearances and to locate the first evidences of overbuying.

I wish to plead as my last word for but a single interchange system. Whether the credit clearing house or some other movement shall prevail it matters not, but don't divide the house against itself. There may be an excuse for several agencies producing the general mercantile report, for different correspondents will contribute different information regarding antecedents, local reputation, etc., but the ledger fact cannot be placed in more than one light, and two interchange systems can only result in double labor and ineffective service.

Fifteen years of experience has taught existing interchange systems many valuable lessons as to the cost of organiza-

tion and limitations which surround the business.

Let the subject be well considered in all its phases; choose that which promises the best for the future, and then give it your unswerving co-operation, secure in the knowledge that you will feel an honest pride in having been part of an early movement the future influence of which will be to confer lasting benefits upon creditor and debtor alike.

Excessive Discounts.

D. P. CURRY, BRAY CLOTHING CO., LOUISVILLE, KY.

The question of "excessive discounts" is a problem over which all of us have fretted, and perhaps used a few words not proper nor appropriate in polite society. We have often been forced, as a matter of policy, to accede to the unjust claims or demands of unreasonable customers who habitually imposed upon us, because they say our competitors allow it without question or controversy, and if we do not allow it, they will buy from some one who is more liberal in his dealings.

I have, however, made it a rule to return any and all checks where unreasonable demands or erroneous deductions are made. I think the trouble is largely within ourselves, as we encourage rather than discourage such actions by pocketing our loss and charging off these small balances, which, in a year, aggregate a large sum. In fact, if we would keep a strict account of these excessive and unreasonable claims, we would be appalled at the end of the year, and we would then understand why our profits were not larger and more satisfactory.

There is another item which is quite as important as over-deductions, *i. e.*, the question of refusal of parties whose accounts run past maturity to pay interest for overtime. We might, with equal justice, refuse to allow interest for anticipation, or even the discount, when the account is paid within proper discount period, and it is a poor rule, as the old saying is, "that does not work both ways."

Not long since a customer sent a check for his account which was past due, and took off full discount. I at once returned his check and called his attention to the fact that his account was overdue, and that he owed us interest, as per statement sent him, and insisted upon payment accordingly. After several letters had passed he sent a check in full of the amount due, and stated "In full of account from the birth of Christ till Hell freezes over." It is needless to say that his account is closed with us.

It seems that there is but one way to remedy these evils, and that is in our

own hands. We must take a firm stand, and insist upon strict compliance with our terms, both as to discounts and payment of interest, and if every one will stand shoulder to shoulder to enforce such a position, the evil will be broken up or greatly lessened. I think if we could only have the same amount of "backbone" displayed by an eastern house with a customer in one of our sister cities, it would be eradicated entirely. In this case, a customer took off a small amount in excess of the proper discount, and would not respond to requests for correction. They sent their salesman to see the customer and he wanted to give him an order, but the salesman told him frankly he would not accept an order until the small balance due his firm was paid; and it was paid. We may not be in position to be quite so independent, but we can greatly improve the situation and add to our profits by taking a firm stand for our rights.

It is only by united action and an unwavering stand that we can accomplish a thorough reform.

W. H. BRADBURY, CARTER DRY GOODS CO., LOUISVILLE, KY.

The matter of unjust discount and claims is one of the most annoying of the many troubles that arise in the course of business. We all know the sudden sensation (as of an icy shower-bath) when we pick up one of those fatal pink or yellow messages of disaster, and see that Brown, Jones & Co. have filed a petition of bankruptcy, with assets of \$5,000.00, and liabilities of \$15,000.00, and remember the nice balance against them on our ledger, but after the first shock is over, we recover and call it one of the fortunes of war, and "pick our flint" and try gain; but the daily claims of unjust discount, etc., may be compared to the steady fall of icy drops on the wrist, that day by day sap the good temper and render us old before our time.

We cannot open a large morning mail without meeting several specimens of the genus, "unjust claimant," or shall we say, "short change artist," and by the time we are through the mail, our temper is gone, and our exchequer is shy several dollars that rightly belong there.

These gentry may be divided into several classes, of which the most numerous is the man who seems to take as his motto the adage that "time was made for slaves," and of whom it might be justly said, that ten days, twenty days, thirty days or forty days all look alike to him, and who scorns to be bound down by any such petty consideration as the terms printed on his invoice, and who seems to think that he is entitled to a cash discount at any time within four (4) months. He usually offers no ex-

cuse further than he is a few days late, and supposes that it will be entirely satisfactory." He usually has a liberal idea of the meaning of the word "few," and in his hands it becomes the most elastic word in the language.

Sometimes he will say that "his bookkeeper has been sick and the matter was overlooked." A sickly bookkeeper is often a valuable asset around the country store, and the "Celery Compound" and the "Swoboda Pamphlets" are kept carefully out of his reach.

Occasionally he writes that he had his money invested in hogs, and has just sold them, probably at a good profit, but he fails to remit you your share of same, although he has had the use of your money.

Another class of offenders are those who will deduct \$2.00 or \$3.00 and claim your salesman equalized freights with Chattanooga, Paducah, Kokomo or Poudunk, as the case may be. You find nothing on the salesman's order justifying the deduction.

Another and a very humorous species, is the man who has a "hobby" for round numbers, and who, if he owes you \$83.17 or \$83.29, will just make it even \$84.00 for good luck. This round number rule, however, only works on a declining scale, as if he owes you \$83.99, he never sends you \$84.00. Perish the thought.

Another class is the man for whom you prepay freight at his request, but he usually forgets that he made the request by the time pay day rolls around, and it generally requires two or three letters to get it out of him. I say nothing of the "goods returned" and "claimed short" branch of the business. This opens up an immense subject to discuss and "cuss."

Now, what do we do when these unjust claims come before us? What we *should* do is to return every check that is tainted with unholy "usufruct"; but if the customer is a large one, and the squeeze is not too tight, we are apt to accept it with possibly a vigorous exclamation under our breath. If the account is not quite so desirable, we make a lively protest and demand the balance deducted, but our request is usually unheeded, or treated, shall we say, with "unremitting" contempt. We usually get tired, after many months, of seeing these balances on our ledger, and charge them to profit and loss.

If the account is an outside one, we send back the check, and thus usually get our money, but in this day of hot competition we are slow to do this, as we fear our competitor may not be so punctilious. These evils seem to me to be on the increase, and some united effort should be made to abate what is not only an unmitigated nuisance, but a serious financial leakage.

Principles of Credit Insurance.

ADDRESS DELIVERED BY H. THEO. HANSEN
BEFORE THE MILWAUKEE CREDIT MEN'S
ASSOCIATION, MARCH 19, 1903.

The underlying principles of credit insurance must, in view of the risk assumed, be conservative, and must have a conservative effect upon the insured or companies underwriting will invite ruin to themselves as surely as would the fire insurance company which would encourage its patrons to abandon sprinkler systems and watchmen.

Credit insurance is designed not to prevent normal losses through failure of debtors, but to limit the amount of loss which might be sustained by any one firm.

Its fundamental principle is protection and not speculation; conservativeness and not recklessness. To accomplish this end successfully and impartially, the fundamental principles upon which credit insurance is based must be applied from a stable foundation.

For the past half century the generally recognized basis for credit has been a merchant's net worth, taking into consideration the character of his assets, their earning power, his liabilities and general environments, as well as all other factors possibly sufficiently potent to eliminate all or part of his responsibility.

For fifty years the giant mercantile agencies have been engaged in compiling and revising characters indicative of the financial standing of the merchants of this country, until to-day they provide a code or rating book, reissued quarterly, embracing in such period an average of about 225,000 revisions or 1,300,000 firms, which in itself should be sufficient evidence of the ups and downs of commercial life. It is true, occasionally there may be some merchants over-rated, and correspondingly true an equal number under-rated neither sufficiently at variance as a whole to materially alter the general record of the past, and under this system the average ratings for three decades have been quite uniform. Most material things are gauged by the average good or average bad resulting therefrom, and it is generally conceded the ratings furnished are fairly correct, so nearly correct that 95 per cent. of the volume of business of this country is handled on confidence in their accuracy, and title to millions of dollars' worth of merchandise changes owners on the basis of these ratings though the parties interested never meet personally. It requires no oracle to predict that if the agencies referred to should decide to discontinue business, it would produce the greatest curtailment of operations the world has ever seen, as all business negotiations would be paralyzed until such time as a substitute could be found, developed and

tried long enough to demonstrate its value before confidence would be reposed in it sufficiently to throw upon it the burden of commercial transactions. A credit insurance company, therefore, basing its operations on the average correctness of disinterested standard mercantile agencies will be right in the amount of risk which it assumes on any individual debtor in from eighty-five to ninety cases out of a hundred, because the records of these agencies show that their ratings were right to that degree.

Credit insurance must be so written that the contract offers no inducement to careless granting of credits. It is not intended to be a substitute for up-to-date information. The idea that a firm can take credit insurance and cut off the expense of a large number of special reports, or employ one or two less mercantile agencies, or reduce its agency books from four a year to only two, is folly. It is equally absurd that a less experienced credit man can be employed. Any change from a greater to a lesser degree of vigilance in the credit department will increase losses, and credit insurance must be so written that such relaxation is at the insured's, and not at the insurance company's, expense. There is plenty of risk in the ordinary course of business.

So much for the company's side. As to the insured's side of the question the contract or policy must be plain and comprehensive. Its terms and conditions must be in such language that any ordinary business man can understand them. It must cover every conceivable form of loss through the inability of the customer to pay, and must make the methods of proving up claims simple and easy, and must cause no unnecessary worry and labor.

THE PLAN OF CREDIT INSURANCE.

The plan of the standard credit insurance companies is in brief as follows:

Based on the class of business, the territory covered, the volume of sales, the size and time of accounts and a firm's experience as to losses, the credit insurance company arrives at a certain percentage on the annual sales beyond which it makes itself liable for losses sustained by the insolvency of debtors within certain defined conditions and limitations consistent with the premium charged.

Usually debtors with a capital rating followed by a first or second credit rating, are covered in full, providing the account does not exceed a certain agreed percentage based on the lowest capital rating of such debtor.

Debtors with ratings lower than these are covered only in part, as they are considered extra hazardous risks, and a full coverage would be a dangerous

stimulant to unhealthy granting of credit and might result in loading the ledger with slow accounts, for which credit insurance is no help, and would also make illegitimate losses for the company.

Settlement is generally made by deducting the loss first to be borne by the indemnified from the net losses, if the net losses exceed the percentage the indemnified has agreed to bear.

The plan is so simple that the moment a creditor knows a debtor's rating, he knows the amount of insurance he has on his account.

The modern standard up-to-date policy is a wonderful instrument, touching as it does, every phase of selling and collecting, and becomes a complete, *bona fide* endorsement by simply filling in about a half dozen blank spaces in the contract. The brain which conceived and put into practice such an instrument shows its possessor to be a genius of highest merit, and destined to a permanent and prominent place among the great business geni of the world.

BENEFIT AND SCOPE OF CREDIT INSURANCE.

The benefits of credit insurance to the insured are manifold. Primarily they are the same as the benefits resulting from any other form of protection.—Tranquility and peace of mind, and, therefore, aid in the operation of the credit department.

If I have a lot of valuables, such as money and diamonds, in my house; if I learn that attempts may be made by designing persons to possess themselves of these unlawfully, I will not be greatly alarmed if I consider my loaded revolver, my watch-dog, who always sleeps with one eye open, and my automatic electric burglar alarm at all doors and windows, and especially if I have all these valuables properly covered by burglary insurance.

In an up-to-date credit department, the credit man is the watch-dog. His special collection attorney is the revolver, and the automatic electric alarm are the various mercantile agencies, and the more of them the better. Now, lest the watch-dog might accidentally close both eyes or be out on a hunting trip; lest the revolver should miss fire, or the wires of the automatic alarm system might be crossed, the head of the house procures a mercantile burglary insurance policy, and he rests serene.

The possession of a tranquil mind is absolutely necessary for the successful transaction of business, and while I do not claim that credit insurance is a panacea for all ills, I do emphatically claim that it does remove absolutely one very annoying source of worry.—The

fear of an excess loss. The mind charged with fear of excess loss cannot be tranquil. This fear is not always present. It is of periodical occurrence; but I am sure there is not a person present who has not seen that ugly monster staring him in the face at night when he has been tossing upon his bed, seeking much-needed rest and sleep.

I am frequently told by men objecting to credit insurance that it does not pay. It does not pay in the sense of an investment. It is not an investment properly speaking. Its fundamental principle is protection and security. I am not here to argue that protection and security pays. That they pay has been established since the first dawn of day. Protection and self-preservation are the fundamental principles of life. Shall I waste time arguing that the fundamental principles of life pay? They are maxims, self-evident truths, and beyond the realms of argument.

But I do argue that the basic principle in credit insurance is just the same as in any other form of insurance. It is protection. In fire insurance the insured is the gainer if he is an honest man, when he is not compelled to call upon the company for losses. Just so in credit insurance. He has run ahead of his calculations when he has lost less than he feared he might; therefore, he is ahead.

Gentlemen, if you loan out \$100.00 would it pay you in the long run to pay 10 cents to know that not less than \$99.00 of it will come back to you? Of course it would. That is credit insurance including both premium and own risk in a nut-shell. Credit insurance is yet in its infancy, but its progress has been remarkable. There are concerns who have for a period of years escaped their share of the losses. They may be invariably correct in the selection of their customers. But who will have the hardihood to claim that they will always be exempt? None. Where credit is granted there is a risk. Credit always has been, and always will be. Credit is the basis of business, and when credit is easy business is good. And what credit is as easy to carry as a secured credit?

When the time comes that it is generally adopted; when the banker requires that the manufacturer, and the manufacturer requires that the jobber shall carry this form of protection, then a strong bulwark will have been built, which will tend to prevent the disastrous seas of commercial losses sweeping the business of the country. Capital will rest easier, for it will be that much more secure. Then will business be more profitable, for when capital is easy business is good.

There are representatives of firms here to-night whose financial strength might not be weakened by any losses, which

they might sustain on their accounts. But that is no reason why they should not endorse and subscribe to credit insurance. What is the greatest good for the greatest number is good for all. That which is good for the greatest number of merchants and manufacturers is good for the whole country, and I believe that every American business man, when he has once investigated and satisfied himself, is always ready to aid and stimulate any movement which tends to benefit the nation.

Credit insurance courts your investigation.

THE NEED OF CREDIT INSURANCE.

Gentlemen, I need not argue the question that the credits upon your books are property. They are property of as much value to you as your stock of merchandise, and subject to depreciation by bad management, incompetence, insufficient capital, undue competition, business entanglements, inexperience, fraud and death on the part of your debtors, who are the real custodians of that portion of your property.

They are also affected by special conditions over which neither debtor nor creditor has control; such as fluctuations in the money market, and the actions of the element in producing cyclones, fires, floods, rain or drought.

Protection of property is a primary instinct. Hence the walls surrounding the feudal castles of Europe; the armed merchant marines and caravans of the middle ages, the navies and armies of the world to-day; the police systems, the fire departments; life insurance, fire insurance; the various forms of casualty insurance; and last, but not least, the phenomenally rapid development of credit insurance, or that system which gives the manufacturer and jobber protection against excessive losses by bad debts.

I claim that the debtor and not the creditor is the real custodian of the credits upon your books, for he returns the cash equivalent to you only of his own free will, and in ninety-nine cases out of a hundred cannot be compelled to render that equivalent in full.

It is the credit man's business to select good custodians.

The traveling salesman sends in the application from merchants desiring to become custodians. The credit man examines their records, approves many, and turns down many, as his judgment dictates.

But does the danger or risk to your property end by the selection of good custodians? No. That is when it commences; for had the applicant been rejected, there would have been no danger of loss through him.

Does the fact that only good appli-

cants are selected carry with it any guarantee that they will remain good permanently? No.

The better such an applicant is the larger is the number of concerns importing him to become their custodian or customer, and he may easily become custodian for too many with disastrous results to all concerned. Or can he control the money market to keep it favorable to his interests or stop the actions of the elements, or restrain sweeping political changes?

We have heard of people trying to make it rain in Texas, but the gentlemen present or their custodians do not consider that a part of their duty, I am sure, though a rain might be worth millions.

Let us examine the result for 1902, just closed:

Failures due to	No. 1902	Liabilities. 1902.
Incompetence	20.4	\$18,776,208
Inexperience	7.2	5,456,426
Lack of capital	30.6	25,665,340
Unwise credits	2.8	6,247,979
Failures of others	2.8	3,322,898
Extravagance	9	819,743
Neglect	3.0	1,713,168
Competition	3.5	1,797,943
Specific conditions	17.7	26,908,133
Speculation	1.0	6,238,405
Fraud	10.1	8,534,187

\$105,489,530

In analyzing these figures I have been trying to determine which of the above-named causes would be within the control of the credit man, and have come to the conclusion that not one of them is within his control, or could be prevented; because, if they could be prevented they would have been. The above figures, amounting to \$105,489,530, are the net deficit in spite of the credit man's efforts to prevent them.

Only about 16 per cent. of these losses might have been prevented by the debtor himself. They are unwise credits, extravagance, neglect of business, speculation and fraud. Therefore, 84 per cent. of the losses are beyond anybody's control.

The losses prevented by the credit man and the information from mercantile agencies cannot be computed in figures, but would aggregate hundreds of millions.

These losses above named are not surprising when the uncertainties of business are considered, and when the stupendous responsibility placed upon the debtor is realized.

A manufacturer or short-time jobber will entrust his custodians or customers with an amount the year around equal to his own capital invested in his business, while a long-time jobber will entrust his customers with a sum twice the amount of his own capital in his business; for example:

A concern rated from \$500,000 to \$750,000 will often have outstanding upon its books \$500,000. Think of it! His entire capital credited out and unsecured. What bank would loan out the entire capital stock without security? None. Then why should a manufacturer or jobber use any less discretion?

There is entrusted to your debtors the year around a sum equal to the entire capital invested in the manufacturing and jobbing business in the United States.

Must I yet point out the need of credit insurance?

Permit me to quote from a recent publication the following, showing the gigantic losses to which commerce is constantly exposed:

One of the most striking facts in the economic history of the United States for the past forty years is that in each decade the losses by failures have equalled one-half the capital employed in manufacturing and mercantile pursuits. In the ten years from 1890 to 1899, inclusive, the proportion of bad-debt loss to capital employed was even greater; it amounted to the stupendous sum of one billion eight hundred million dollars. In order to more readily grasp the meaning of these figures, a few comparisons will be of value.

It was more than three times the capitalization of all the national banks of the country.

It was five hundred million dollars more than the fire losses reported during the same interval.

It was nearly equal to the entire sum of money in the country, which, according the report of Secretary of the Treasury Cag, was two billion two hundred and fifty million dollars.

It is difficult to comprehend what is included in this array of facts and figures. It staggers one to read of the immense loss by bad debts. The president of the Bradstreet Company recently stated that the wonder to him is that as many persons succeed in business as do, considering the chance taken in selling goods. This stupendous loss was borne almost exclusively by manufacturers and jobbers—that class whose business credit insurance companies solicit, and whose excessive losses they undertake to pay.

Reciprocal Credit Information.

A. W. RICH (THE RICH SHOE CO.), MILWAUKEE, WIS.

In our business intercourse with the world we are, through various agencies of human genius, thought and energy, drawn into closer bonds of friendship and unity with all mankind. Through that same power the pulsation of our business activity or inactivity as a nation is quickly felt in all quarters of the globe.

and through the invisible force of evolution constantly at work, our methods of life as well as of business are being changed for the better at such a rapid rate that we hardly realize, in pursuing our daily duties, the changed conditions under which we live and labor as compared with but few years ago.

Old customs and habits in business are gradually giving way to new and improved systems. Most of you, if not all, that are within the hearing of my voice, will agree with me that business houses, whether in the same or other lines of business, or the credit men of such houses, are more generous and friendly towards each other than they were even ten or fifteen years ago. The time was, also, when a credit man was considered a useless luxury except in houses doing a very extensive business. It was not altogether the expense that prevented many from employing a man to look to the intricate parts of credit and collections—it was more the lack of confidence in the judgment of any one except the "old man" or the head of the firm, to trust out his or their hard earned dollars. Those times, however, are long past, and now it has become a recognized fact that a well-trained, level-headed credit man is not only a very important factor in every well-regulated business house, but is conceded to be the alert and watchful sentinel of the firm's financial interests. A credit man is required to be prompt in his decision and a good judge of human nature in order to be able to size up a customer either from personal contact with such, or from reports received as to his standing.

This important question now presents itself: What is the most reliable source or system of information to be obtained as to the character, habits, responsibility and evident intentions of a dealer who desires to do business with your house? I feel safe in assuming that we all agree upon one existing fact, that the business world is enjoying remarkable advantages at comparatively little cost in the service of the old-established commercial agencies. It has required many years of energetic thought and fabulous amounts of money to build up to the present high standard the thorough system of furnishing reports as maintained by these agencies.

The time also has come when credit inquiries are cheerfully, promptly and reliably answered by one merchant to another if the inquiring house has a reasonably fair record. A great deal of this tolerant and praiseworthy spirit is due to the existence and work of the Credit Men's Association. All this being true, and conditions concerning credit information fairly satisfactory, shall we, therefore, stop here, or is further improvement possible and to be sought?

Could not some means be adopted to bring the members of the National Association of Credit Men into a still closer union so as to convey to one another through a clearing house, valuable information, such as they possess concerning houses with whom they deal? This would be of assistance to the honest dealer who seeks credit in the market or on the other hand, such information would also help to thwart and expose a dishonest dealer who may have laid his plans to obtain a large amount of goods (as is frequently the case) with the express purpose of defrauding all that will extend him credit.

In my estimation this result can be most effectively attained through the "reciprocal credit system." We have some experience in this line already, both through a well-known agency that is established and operating on those lines, and also, to a limited extent, through the direct interchange of information obtained from and rendered to, houses in all parts of this country.

To my mind there is one great improvement possible to the present system of information received from the established agency of "credit clearing reports," and it is upon this new feature in particular that I desire an expression of your views. One of the objections and probably the only one that can be urged to the present method, is that the reports are not as complete in certain branches of the trade as they should be, and again, frequently too cumbersome with matter that is not of special interest to the inquirer. In my opinion, if the various branches of trade represented by the Credit Men's Association were thoroughly organized in separate branches by themselves, so that, for instance, when a grocery house requires information it would receive its reports from grocery houses, or kindred business houses only; or if a clothing house or shoe house required information, that such reports should contain the experience of houses in those lines only, etc., the system would be simplified, the information required condensed, and much valuable time of the credit man saved. I dare say that nine out of ten credit men in reading a report of "Credit Clearing," when they notice in five or six items one reading "90 days slow," one "account in the hands of attorney," another "make unjustified claims," or something else to that effect—this information is sufficient to at least make them extremely cautious. If, on the other hand, the items read "have dealt for two years—highest credit \$1,400, prompt pay"; another "highest credit \$700, discounts; now hold order \$450 for Sept. shipment"—this, in addition to the fact that the firm is rated in the old agencies from \$5,000 to \$10,000 good, is a satis-

factory basis for the average credit man's conclusions without going through two or three pages of similar matter.

Having now submitted to your kind attention my views upon "Reciprocal Information," I will leave the question which is presented for discussion this evening open for your decision, as to "The advisability of organizing such an interchange system under the absolute control of the National Association of Credit Men." It may, however, not be out of place for me to say the credit representatives of from four to five thousand leading business houses can accomplish wonders if at least a majority of

them unite upon any proposition that upon its face appears likely to become the X-Ray of a credit system through which you can penetrate the cash book and ledger as well as the conscience of your customers.

In conclusion, I beg to say that about two years ago I broached this same matter at a meeting in Rochester of the National Association of Shoe Manufacturers, and the proposition was very much favored, and very recently such an organization, I understand, was formed at Cincinnati by an Association of Clothiers, independent of any other organization.

The Elementary Principles of Credit.

ADDRESS DELIVERED BY WM. A. PRENDERGAST BEFORE THE ROCHESTER CREDIT MEN'S ASSOCIATION, APRIL 16, 1903.

This discussion is designed to cover the elementary principles of the science of credit. While conceding that it is a science, leading exponents of credit have proclaimed that it is not an exact science, by which we are to understand, presumably, that the forces which enter into the constitution of credit are not of a sufficiently exact or definable nature to warrant their being regarded as fixed or certain quantities. Science is defined as any department of knowledge in which the results of investigation have been worked out and systematized, and credit undoubtedly belongs to those branches of science denominated as lucrative or professional sciences.

The view has been and is largely entertained that credit is a national institution; but it is not a branch of the national service, susceptible to an enhancement or decrease of its power by any act of government. It has been held by many, of the greatest thinkers and writers on political economy that there is no such thing as national credit separate and distinct from general or public credit; in other words, the impairment of private credit will speedily reflect itself in the public credit, and, as a preliminary thought to this or any other discussion of credit, we should bear in mind the solemn warning of Lord Chesterfield, when he said: "Public credit, my lords, is indeed of very great importance, but public credit can never be supported without public virtue." Nations can no more create or establish credit out of nothing than they can build navies out of nothing. Whatever the nation may do to sustain or promote or confer credit must have as its basis the same properties and influences and forces that must be invoked in private trade or transactions when the necessity or desire to give credit manifests itself. There has undoubtedly developed a disposition in recent years, during which discussions of credit have been more general than formerly, to confuse the ordinary rules employed in the government of credit transactions with the fundamental or elementary principles which underlie credit; rules for the investigation of applications for credit, for the general treatment of accounts and their collection are of no avail, and cannot, in the very nature of economic philosophy, avert bankruptcies, panics or commercial distress, unless in the larger field of trade, credit, reduced to its elements, is clearly understood and its functions thoroughly comprehended.

That great master, John Stuart Mill, in his work on political economy, made certain references to credit which are at variance with some commonly accepted theories relating to this subject, and his views are certainly of sufficient importance to warrant our quoting them *in extenso* at this point:

"The functions of credit have been a subject of as much misunderstanding and as much confusion of ideas as any single topic in political economy. This is not owing to any peculiar difficulty in the theory of the subject, but to the complex nature of some of the mercantile phenomena arising from the forms in which credit clothes itself; by which attention is diverted from the properties of credit in general to the peculiarities of its particular forms."

"As a specimen of the confused notions entertained respecting the nature of credit, we may advert to the exaggerated language so often used respecting its national importance. Credit has a great, but not, as many people seem to suppose, a magical power. It cannot make something out of nothing. How often is an extension of credit talked of as an equivalent to a creation of capital, or as if credit actually were capital. It seems strange that there should be any need to point out

that, credit being only permission to use the capital of another person, the means of production cannot be increased by it, but only transferred. If the borrower's means of production and of employing labor are increased by the credit given him, the lender's are as much diminished. The same sum cannot be used as capital, both by the owner and also by the person to whom it is lent, it cannot supply its entire value in wages, tools and materials, to two sets of laborers at once. It is true that the capital which A. has borrowed from B. and makes use of in his business, still forms part of the wealth of B. for other purposes. He can enter into arrangements in reliance on it, and can borrow, when needful, an equivalent sum on the security of it; so that to a superficial eye it might seem as if both B. and A. had the use of it at once. But the smallest consideration will show that when B. has parted with his capital to A., the use of it as capital rests with A. alone, and that B. has no other service from it than in so far as his ultimate claim upon it serves him to obtain the use of other capital from a third person, C. All capital (not his own) of which any person has really the use, is, and must be, so much subtracted from the capital of some one else."

"But though credit is but a transfer of capital from hand to hand, it is generally and naturally a transfer to hands more competent to employ the capital efficiently in production. If there were no such thing as credit, or, if from general insecurity and want of confidence, it were scantily practiced, many persons who possess more or less of capital, but who, from their occupations or for want of the necessary skill and knowledge, cannot personally superintend its employment, would derive no benefit from it; their funds would either lie idle, or would be, perhaps, wasted and annihilated in unskillful attempts to make them yield a profit. All this capital is now lent at interest, and made available for production. Capital thus circumstanced forms a large portion of the productive resources of any commercial country; and is naturally attracted to those producers or traders who, being in the greatest business, have the means of employing it to the most advantage; because such are both the most desirous to obtain it and able to give the best security. Although, therefore, the productive funds of the country are not increased by credit, they are called into a more complete state of productive activity. As the confidence on which credit is grounded extends itself, means are developed by which even the smallest portion of capital, the sums which each person keeps by him to meet contingencies, are made available for productive uses. The principal instruments for this purpose are banks of deposit. Where these do not exist, a prudent person must keep a sufficient sum unemployed in his possession to meet every demand which he has even a slight reason for thinking himself liable to. When the practice, however, has grown up of keeping this reserve, not in his own custody, but with a banker, many small sums, previously lying idle, become aggregated in the banker's hands; and the banker, being taught by experience what proportion of the amount is likely to be wanted in a given time, and knowing that if one depositor happens to require more than the average, another will require less, is able to lend the remainder, that is, the far greater part, to producers and dealers; thereby adding the amount, not indeed to the capital in existence, but to that in employment, and making a corresponding addition to the aggregate production of the community."

"While credit is thus indispensable for rendering the whole capital of the country productive, it is also a means by which the industrial talent of the country is turned to better account for purposes of production. Many a person who has either no capital of his own, or very little, but who has qualifications for business which are known and appreciated by some possessors of capital, is enabled to obtain either advances in money, or more frequently goods on credit, by which his industrial capacities are made instrumental to the increase of the public wealth; and this benefit will be reaped far more largely whenever, through better laws and better education, the community shall have made such progress in integrity that personal character, shall be accepted as a sufficient guarantee not only against dishonestly appropriating, but against dishonestly risking what belongs to another."

It will thus be observed that so great an authority as Mill touches with significant impressiveness upon the element of personal character in its intimate relation to the requirements and responsibilities of credit, and it is in all probability due to the fact that character, one of the most undeterminable and varying forces that nature has ever been called upon to consider or define, plays so important a part in the administration of credit, that has deprived the latter of that *exactness* which has been commented upon so generally in the efforts to locate the identity of credit among the sciences.

A modern writer on credit has said that it would be impossible to carry on the business of the world to-day without it; when so large a proportion (some say ninety-five per cent.) of the transactions of trade and commerce are upon a credit basis; and still there are some who hold that the world would be better without credit, and that the endless and inevitable extravagance, prodigality and speculation which it unquestionably encourages and promotes, would be avoided if all trade was upon a cash basis, or if, to go farther, we should reach that

Utopian stage where the wants and the opportunities of men would be so regulated that even the presence or existence of money itself could be dismissed with commercial safety and with profit to the happiness and integrity of the individual.

But credit is, nevertheless, a benefactor in many ways, and in no one more surely than the assistance it lends to productive activity; for in this respect it recognizes personal capacity and ability; it provides them with the opportunities for their better cultivation; this cultivation produces a higher sense of possibility and achievement, with a corresponding increase in the ratio of accretion to the wealth and productive power of the world.

It is essential, however, that we should not misinterpret the functions of credit in its transference from one party to the other, especially from the productive to the unproductive; on this point, also, let us take another gem from the casket of genius and authority, and quote from Mill, as follows:

"Credit given by dealers to unproductive consumers is never an addition, but always a detriment, to the sources of public wealth. It makes over in temporary uses, not the capital of the unproductive classes to the productive, but that of the productive to the unproductive. If A, a dealer, supplies goods to B, a landowner or annuitant, to be paid for at the end of five years, as much of the capital of A as is equal to the value of these goods, remains for five years unproductive. During such a period, if payment had been made at once, the sum might have been several times expended and replaced, and goods to the amount might have been several times produced, consumed, and reproduced; consequently B's withholding £100 for five years, even if he pays at last, has cost to the laboring classes of the community during that period an absolute loss of probably several times that amount. A, individually, is compensated, by putting a higher price upon his goods, which is ultimately paid to B; but there is no compensation made to the laboring classes, the chief sufferers by every diversion of capital, whether permanently or temporarily, to unproductive uses. The country has had £100 less of capital during those five years, B. having taken that amount from A's capital, and spent it unproductively, in anticipation of his own means, and having only after five years set apart a sum from his income and converted it into capital for the purpose of indemnifying A."

It will be recalled that Mill very emphatically controverts the theory that credit creates capital, or that it has any special power to create something out of nothing—but all political economists, including Mill, agree that credit has certain creative influences and agencies; one of the most important of which is its undeniable creation of purchasing power—this element of creative faculty, or "the forms of credit which create purchasing power, are those in which no money passes at the time, and very often none passes at all, the transaction being included with a mass of other transactions in an account and nothing paid but a balance."

This principle is most readily understood—for an illustration, if Black sells goods to White and White sells goods to Black, when the time for settlement comes, he who has purchased the greater amount of goods must pay to the other the equivalent of the amount represented by the excess of his purchases, or, in commercial terms, the balance due. This is practically the method followed or the result attained in arriving at trade balances covering imports and exports.

We now come to an extremely interesting and ramifying function of credit, as well as one of its most startling elementary principles, and that is the uses of credit as a substitute for money. These uses take different forms, namely, Bills of Exchange, Accommodation Bills, Promissory Notes, Bank Notes and Checks; they are all evidences of actual indebtedness, except in their primary state, when given for accommodation, and as such, when accepted in satisfaction of an account or debt of any kind, they are credits pure and simple; but they do not represent credit given alone to the party who originally tendered the note, we will say, in payment of an account to his creditor, but the latter, in nearly all cases, secures credit for himself upon this same paper, by either tendering it in turn in payment of an indebtedness of its own, or by discounting it with a bank or money lender, either of which latter interests may renegotiate it for purposes of his own; therefore, a note for \$1,000 may be used six times over, and in several of these instances employed in the purchase of goods, thus proving the absolute soundness of the argument that credit is a creator of purchasing power.

This brings to the forefront another feature of the functions and effects of credit, Bills of Exchange, Notes, Checks, etc., given from hand to hand, distributed from one district to another, take the place of and really become a part of the circulating medium of the country, and to the extent that these instruments of credit represent real and tangible property, they contribute life and stability to this branch of our circulating medium, and in the ratio that they represent fictitious undertakings and purely speculative enterprise, they make for unsoundness fraught with dangerous complications to that medium.

We will now proceed to the consideration of that phase of our subject which treats of the influence of credit upon prices, which Mill says is:

"The chief cause of most of the mercantile phenomena which perplex observers. In a state of commerce in which much credit is habitually given, general prices at any moment depend much more upon the state of credit than upon the quantity of money. For credit, though it is not productive power, is purchasing power; and a person who, having credit, avails himself of it in the purchase of goods, creates just as much demand for the goods, and tends quite as much to raise their price as if he made an equal amount of purchases with ready money."

It is, therefore, evident that too much importance is ascribed to the state of fullness or contraction of the actual currency, and that the effect of the increase in prices is directly attributable to the employment and expansion of credit. As an illustration: "Suppose that in the expectation that some commodity will rise in price, he determines not only to invest in it all his ready money, but to take up on credit from the producers or importers, as much of it as their opinion of his resources will enable him to obtain; every one must see that by thus acting he produces a greater effect upon price than if he limited his purchases to the money he had actually in hand; he creates a demand for the article to the full amount of his money and credit taken together, and raises the price proportionately to both."

In this propensity to exercise and expand, one's credit and its consequent effect upon prices, we can surely discern the causes that lead to over-speculation, the latter forcing a restriction or contraction of credit, the inevitable precursor of panics and commercial crises. One authority has said: "It is highly desirable in commerce that credit should be dealt out to all persons in some sort of regular and due proportion," and it is undoubtedly the application of this elementary principle of credit to which we can ascribe the unwillingness of the investing and commercial public to absorb or digest some hundreds of millions of tempting investments offered during the past few years, and now designated in financial nomenclature as "undigested securities;" the elementary principles of credit inculcate forethought, prudence and conservatism, and these qualities, in conjunction with personal probity and public virtue, will upbuild an enduring fabric of national life and honor.

Business Men and Currency Reform.

CHAS. T. CRANE, BALTIMORE, MD.

I must be permitted, on behalf of the Bankers of Maryland, to thank you for the great work which has been accomplished by your Association, and to express the hope that you will go on increasing in influence and usefulness.

It is almost impossible to overestimate the value of your achievements, and it is a question if the business community begins to realize their importance. There can, however, be no doubt that as the results of your efforts become more apparent you will have the support and co-operation of every intelligent, honest and progressive business man throughout the land. We have had some six years of unprecedented business prosperity and success. Not a day passes that we do not hear the question, "How much longer can it last?" "Shall we not soon experience a terrible reaction and have hard times again?"

Well, that depends upon a variety of circumstances, not the least of which is the extent to which business men shall avail themselves of the opportunities you offer them. For my own part, without being over-sanguine or unduly optimistic, I can see no good reason why the favorable business conditions which have existed for some years should not continue for a long time to come.

Manufactories have more orders than they can fill. Our exports have been much larger than for the corresponding period of last year. The railways have all the traffic they can handle. The present outlook for staple crops is exceptionally favorable. Speculation is far less rampant than for some years past. Enormous liquidation in certain classes of securities has been effected without panic or serious disaster, and in every quarter save one the sky is bright with promise. We cannot, however, close our eyes to the fact that the relations of capital and labor are far from being as satisfactory as we could wish. Let us indulge the hope that reason and sound judgment may take the place of passion and prejudice, and that a realizing sense of mutual dependence may bring the employer and the employe into a closer and more harmonious understanding.

The non-flexibility of our currency is a matter not only for serious consideration, but for intelligent and concerted action on the part of our people.

It is a subject which should be brought so forcibly to the attention of Congress that further delay in providing a remedy will stamp its members as disgracefully ignorant or shamefully indifferent to the welfare of the country.

What, may I ask, do you propose to do about it? Let me suggest that we endeavor to send to Congress more business men and fewer professional politicians.

The Congress which has just adjourned had the opportunity to relieve the money situation by the passage of the Aldrich Bill or the Fowler Bill. It is safe to say that if the majority in the two houses of Congress had been business men or men with well-defined business ideas, that a bill for the relief of the money situation in time of need would have become a law. The Aldrich Bill provided that the Secretary of the Treasury might deposit in national banks moneys received from customs as well as those derived from internal revenue. No sound objection could be raised against this. If the Government is secured as to one part of its receipts, it would be equally secured as to the other. Under the bill, moreover, the Government would receive a fair rate of interest, whereas it now receives nothing. The bill was defeated by political methods for political ends, and the business community must suffer in consequence. Keep politics out of business, but increase the number of business men in politics. It matters very little to you or to me what a man calls himself politically. What *does* concern us is whether or not he knows the value of just laws; whether he can gauge the practical effect of legislative measures; whether he has been trained to broad views of the needs of the country, and whether he realizes that capital and labor, employer and employe have joint and equal rights. When our legislative bodies, State and National, contain a fair proportion of men of this stamp, then, and not till then, may we expect our country to assume the position which will of right be hers as the leader not only in material prosperity, but in every movement looking to the unlifting and betterment of all mankind.

An expression which we hear constantly is that "one man's money is as good as another's," which is not strictly true, because while a dollar is worth intrinsically 100 cents, whether it be in the hand of Lazarus or Dives, its purchasing power depends to a considerable extent upon the personality of its possessor.

Sentiment in Business.

JOHN H. STONE, BALTIMORE, MD.

The successful credit man is a living daily proof of the inaccuracy of the saying: "There is no sentiment in business." One of the cleverest observers in American literature, Oliver Wendell Holmes, who, by the way, called Baltimore the gastronomic hub of the universe, probably after such a dinner as this, has said: "Religion and law and the whole social order of civilized society are so founded on sentiment that they would all go to pieces without it." Of course, Mr. Holmes was not speaking of mere sentimentality, that mawkish, weak, emotional yielding to momentary feeling. There is the widest difference between such a disposition and that which is influenced by those deep, modest feelings which take their origin in a recognition of the claims that are laid upon us by our relations with our fellows. The sentiments of gratitude, filial affection, conjugal and parental love, of esteem and trust in our business associates, and of patriotism and civic pride, all have a legitimate plan in determining our business actions. That man whose business is conducted in disregard of these things is exchanging the peach with its aroma, its bloom and its luscious taste for an apple of Sodom that will crumble to ashes in his grasp. We have all known of boys whose success in business has come from a fixed purpose to provide every possible comfort for the declining years of the mother and father whose care and labor provided for the childhood of that boy and gave him an education and that best of all blessings, a happy home. We have all seen young men, careless, taking life easy, manifesting no especial interest or aptitude in business, who have suddenly become earnest, attentive, ambitious and capable. What has made the change? The sentiment of pure love for a pure girl has been born. The little blind god has shot an arrow and out of the opening it has made in that young man's heart has grown the purpose to provide worthily for her who has trusted her life to his keeping. And when in the goodness of God, little children are born and the young father looks into their large trustful eyes and sees through them in the years that are to come the development of baby boys and girls into youth and manhood and womanhood, it is the sentiment of parental pride and hope that clears his brain and steadies his nerve and strengthens his purpose so that he makes a larger success of his life in order that he may give his boys and girls every possible advantage in their lives. And these primary sentiments that all right-thinking men feel and are inspired by are not the only ones that exert a powerful and legitimate influence in business. Devotion to an idea, clearly conceived and steadfastly wrought into material practical reality is the sentiment that has been at the back and bottom of almost every one of the marvelous successes of the modern world of business. Mergenthaler, with his linotype, that has so entirely changed and so greatly enlarged the scope of the daily newspaper; Swift, with his refrigerator cars and ships that carry around the world the prairie-fed meat of our Far West and lay it sweet and wholesome on the tables of every nation; Field, with his tireless patience and calm, yet intense persistence, accomplishing

the successful operation of the first sub-marine cable are a conspicuous few of a multitude of men whose success in business has come from an idea; from the sentiment, the belief that old methods were susceptible of improvement, that better ways were possible, and who set themselves to find those better ways. I like to think of that man who invented the first rude sewing machine. He was a hard-working mechanic whose wife had to sew at night to keep the children decently clad. And because he loved his wife and his children, he contrived a crude device to make her labor lighter, and out of that first flower of sentiment has grown the enormous sewing-machine business of to-day.

Yes, there is a lot of sentiment in business. Why, every O. K. that you gentlemen place on an invoice for a shipment of goods is an expression of the sentiment of trust or confidence in your fellow men. We may slightly alter Dr. Holmes' statement that I quoted a while ago and say that the whole modern credit system is founded on this sentiment of trust in one another's integrity and that without that sentiment business could not be transacted.

The Advantages of Limited Partnerships and Corporations.

GEORGE CLAPPERTON, GRAND RAPIDS, MICH.

It is a general theory of moral philosophers that business pursuits and the accumulation of money have a demoralizing effect upon those so engaged; that they have a tendency to confine effort within circumscribed limits; make men narrow; to engender selfishness, sordidness and greed, and retard intellectual and moral growth. In a restricted sense, there may be some truth in this theory, but, regarded from a broad standpoint, it may well be challenged. The theory is assumed to apply more forcibly to men engaged in the work of corporations. It may be assumed that men engaged in business individually or on boards of directors do not always stop to read the Sermon on the Mount before entering into business contracts, passing on credits, declaring dividends or making up wage schedules. Of course, it must be conceded that the only distinctive classes who uniformly square their lives and business affairs with the Golden Rule are preachers and lawyers. Sincerely, however, it must be said in fairness, that the standard of mentality and moral strength among business men was never so high as it is now in the industrial life of the American people. There never was a time when business men were broader, more generous than now; never a time when men had so much confidence in their fellow-men, and when that confidence was so fully justified.

In the United States Steel Corporation, over which so many of our people become hysterical, the method is in vogue which fixes a standard of measurement of mentality as accurate and relentless as the standard of physical measurement known as the "Bertillon" system, a milling process by which intellect, ability, industry and character rise to the top, a system which looks to the ranks of men employed for recruits to fill the prominent places in the work of that corporation.

To-day character is regarded by some of the best economic writers as not only desirable and commendable in individual life, but as a positive factor in the production of wealth.

The work of corporations is done by individuals who carry into their work individual human qualities, good or bad. Men develop in individual or corporate life according to their nature.

The weak man becomes arrogant and over-bearing. A capable and generous man finds broad scope for his powers. The fool and the knave become more conspicuous.

The modern idea of a corporation as an aggregation of persons acting as one body, having perpetual succession, and the advantages accruing therefrom are traceable to the development of the principle of association. The primary purposes of the law of association being to increase and cheapen the products of human effort.

A distinguishing feature of a partnership association is its exemption from annual detailed reports of its business; many men, while they are perfectly willing to make statements for the purposes of taxation and for credit, and open their books for inspection of stockholders, object to having a public record of the details of their business and think it serves no useful purpose in a private corporation, although it might in corporations of a public or quasi public character.

The primary purposes of association and organization in business life when legitimately pursued are to make products cheaper and more abundant, and this is the problem of civilization.

The practical utility of association in industrial affairs consists in its economic efficiency, the ability to supply human wants cheaply.

The effect of corporate effort, legitimately pursued, is to cheapen wealth, make it more abundant and more easily obtained, and no individual or class, rich or poor, can afford to diminish the abundance of production; laws should be enacted to prevent in every practical way the illegitimate exercise of corporate power, but no laws should impede legitimate accumulation or restrict production.

Advantage of Personal Interviews in Granting Credit.

GEO. H. SHERLE, ST. LOUIS, MO.

The position of credit man in a large concern is not a sinecure, and at times is most unpleasant; in fact, I have had gentlemen in other positions not nearly so prominent tell me that they would not have the place with many times their present salary attached; and I assure you that I recently had two experiences when I wished I was almost anywhere else in the world but at the credit desk. I was informed that a young lady, daughter of one of our customers, was in the house purchasing goods. Now, this customer was considerably behind in his account with us, and, supposing that the young lady had been given instructions, I sent for her and upon questioning her found out that she kept her father's books and was well acquainted with his affairs, but was not inclined to tell me anything about them, till I so positively insisted that she became offended and would say nothing.

The other case was somewhat similar, the lady being the wife of a customer, and upon being questioned felt so much offended that she set up a good "cry," and then, being somewhat relieved, said that her husband, though his account was so far behind, was well able to pay, but that he gave the business very little attention, leaving it almost entirely to her. She, between her sobs, instructed me not to ship the goods she had just purchased—she did not need them, anyhow, and could get them somewhere else when she got ready for them.

Now, such cases as these, I say, are anything but pleasant, and I hope none of you may be called upon to go through them.

The credit man's duties are multifarious, he having many things to do beside pass upon the fact that a prospective purchaser is good to sell upon credit or not. You know, it is often deemed necessary for you to go out of your office to meet a customer, accidentally, as it were, to "jolly" him—pat him on the back—make him feel at home—take him to a department and call some particularly good salesman to handle him, because you know he likes this special attention, or is "cranky" in some way—and in many other ways depart from your legitimate line of work.

One of my most unpleasant duties is to decline an order, or "turn down" a buyer; for this, in most cases, "puts you in bad" with the salesman who would get credit for the sale, as he, nine times out of ten, thinks you are wrong—that you have made a mistake—though this is more on account of a prejudice he always has in favor of the customer, as he looks at the transaction from one side only—a salesman's standpoint.

You must not harbor the idea, however, that the credit man is never in error, for he, being human, is naturally liable to mistakes and often makes them, for if he did not, his services would be invaluable to his employer; in fact, he would be so much sought after that he could not take care of the many positions that would be offered him.

There are so many conditions to be considered in the granting of credit, more than I have time to take up here, that I will present but a few cases that have come under my personal observation or attention, some of which were correctly and some incorrectly diagnosed by me.

Those decisions in which I was correct were made from personal interviews with the customer, and the contrary, where I passed upon the credit from information obtained through various channels usual to the credit department, and from this fact it is my opinion that to decide upon credit it can be done much more intelligently from personal contact with the parties than in any other way, and where it is possible I always insist upon it.

A few years ago a party by the name of John Smith came into our house, and the salesman for his territory being called, he learned that Mr. Smith wanted to purchase a small bill of goods, between two and three hundred dollars, payable in sixty days, also informing the salesman that Mr. So and So, a salesman for another house, had sent him there. Mr. Smith, being a stranger, was requested to step in and interview the credit man, which he readily consented to do, and, upon being introduced, was requested to make a showing of his affairs, and to this made no objection, though at the same time saying that his purchase would be small, as he needed but few goods just then. Taking down my blank form, I asked the usual questions, and these are the figures he gave:

Stock in hand (Insured for \$2,000.00).....	\$2,500.00
Notes and accts. all good.....	500.00
Cash on hand.....	300.00
Cattle, horse, etc.....	500.00
Total Assets.....	\$3,800.00
And Total Indebtedness all for Mdse.....	1,168.00 none due
Giving him a Net Worth of.....	\$2,632.00

Now, from these figures, this man, if honest, was unquestionably good for the quantity of goods he desired of us, but here is where the personal interview was the thing, for, upon quite a long talk with him, after obtaining these figures, I informed him we could not sell him the goods, except upon a spot cash basis.

The salesman was very much dissatisfied, and after considerable talk, and representing that his friend's house had shipped him a much larger bill of goods, he succeeded in getting the goods shipped by an order from a higher authority than myself. I told this gentleman that if he talked to the man he would not have shipped him, and to show that my judgment was correct the party failed in less than sixty days, and we succeeded in getting twenty-five per cent. of our claim, less attorney's fees.

A few seasons ago the head of our Arkansas Department informed me that Thos. Jones was in the house and told him that he had decided to transfer his dry goods purchases all to St. Louis, and would give our house his business if we would make prices right and we wanted to sell him. He was told that we did, and he started in to make his purchases. After a day or two our department man informed me that the party was buying a very liberal bill, and I said I would see him. When he had finished buying he was brought to me and introduced. He was a clean-cut, intelligent man, "full of ginger," as it were, seeming to have his business well in hand, with figures at his tongue's end, and was very particular as to details, not overlooking the smallest items. He stated that his competitor was a large advertiser and took full time on his purchases; but he (my prospective customer) discounted his bills and took advantage of this advertising, being able to sell the people brought into the town by this means, at lower prices, thus getting the benefit of the business without the expense. These are his figures:

Stock, \$12,000 to.....		\$13,000.00
Insurance, \$7,500.....		
Book accts.....		5,000.00
Cash on hand.....		700.00
Store bldg.....		1,500.00
Bank stocks, etc.....		1,600.00
Total assets.....		\$21,800.00
Liabilities:		
Mdse., none due.....	\$5,000.00	
Borrowed money.....	4,500.00	
Miscellaneous debts.....	1,000.00	10,500.00
Net worth.....		\$11,300.00
Annual business, \$76,000.00.		

Now, here was a hustler, as you will observe from his sales; he turned his stock nearly six times per year, and was bound to succeed. His bill with us was about \$4,000, and promptly discounted, as he said it would be, and he is to-day one of our most valued customers. In the making of this credit you will readily see that the personal interview is again of great advantage, because without the many little points and conditions brought out by conversation, I would hardly have cared to ship his bill of goods, even had other information borne out the figures given.

The cases to which I have especially called your attention are ones in which a personal interview took place, and I repeat that in my opinion a "credit" can be passed upon much more intelligently in this manner than in any other. The agency information or bank reference may be prejudiced or given with a view of obtaining credit for the party, when if the true conditions were known, and a chance to study the man were given, you would not take it on, though on the information you have you "take a chance."

XUM